



Got \$6,000? 2 Tech Stocks to Buy and Hold for the Long Term

Description

Do you have a few thousand dollars to invest but don't know which stocks to buy? If you're looking to grow your money fast, you might want to consider buying tech stocks. Among Canadian tech stocks, **Nuvei** ([TSX:NVEI](#)) and **Constellation Software** ([TSX:CSU](#)) are two of the best picks. You can buy and hold these tech stocks for the long term, as they are expected to have both strong revenue and profit growth in the coming years.

Nuvei

Founded in 2003 by Chairman and CEO Philip Fayer, Nuvei provides payment solutions to retail merchants, as well as technology and distribution companies. The company's customers span Canada, the United States, Europe, Latin America, and the Asia-Pacific region.

The fourth quarter of 2020 was the strongest period of growth yet experienced by Nuvei, with revenue of US\$115.9 million — a 46% year-over-year increase.

Growth was driven by expansion of the wallet share of current merchants and accelerated adoption of new merchants. New e-commerce activity nearly tripled from a year earlier, as the company extended its connectivity coverage during the quarter, introduced new product innovations on its platform and continued to execute mergers and acquisitions.

The company's full-year revenue also increased significantly to US\$375 million — an increase of almost 53% from last year, when the company raised US\$245.8 million.

On the acquisition front, Nuvei completed the acquisition of Base Commerce, a provider of integrated payment solutions, on January 1. At the time of the transaction, Nuvei said the acquisition offered both revenue opportunities and the ability to expand its product capabilities. Nuvei also said the transaction would diversify its portfolio of acquisitions, improve coverage of its sponsors, and expand its distribution network.

This past year, Nuvei has also entered the online gaming and sports betting market in the United

States. The company has been approved as a registered industry supplier in four U.S. states (Colorado, West Virginia, Indiana, and Tennessee). Nuvei is also awaiting approval from providers in all other U.S. states that regulate sports betting and online gaming.

Nuvei expects its financial outlook to increase significantly in 2021. The company forecast revenue for the full year to be between US\$570 million and US\$600 million.

Strong quarterly results and an even brighter outlook for 2021 drove **National Bank** financial analyst Richard Tse to increase its price target from \$85 to \$100. [Nuvei could be a multi-bagger](#).

Constellation Software

Constellation Software has been using the same game plan for years, purchasing small vertical market software companies providing so-called mission critical software solutions on a global scale. Over the years, Constellation Software has made over 500 such acquisitions, buying the biggest names in their respective verticals, then using its influence and scale to grow the business and expand into new markets. The resulting cash flow is then reinvested in other acquisitions and the cycle repeats.

The strategy worked very well for Constellation, which increased its revenue from \$631 million in 2010 to nearly \$4 billion for 2020 while pushing earnings from \$4.12 per share in 2010 to \$20.59 per share last year.

In the fourth quarter, revenue increased 14% year over year to \$1.091 billion, and net profit increased by 62% to \$149 million, or \$7.02 per diluted share. During the quarter, Constellation completed a number of acquisitions for total consideration of \$239 million.

In January, [Constellation shareholders received special treatment](#) when the company split up the recently acquired Topicus, giving CSU owners about 1.9 Topicus shares for each Constellation share as an in-kind dividend.

Topicus was recognized by Constellation founder Mark Leonard for its ability to grow without resorting to external shareholder funding. Leonard said the spinout has been part of the intent since a purchase agreement was reached last year.

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1. Investing
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