



## 2 Top Canadian Tech Stocks to Buy in May 2021

### Description

The first-quarter correction in the growth-heavy **Nasdaq 100** was pretty vicious and unforgiving to the many beginner investors who overweighted themselves to the sexiest Canadian tech stocks of 2020. While the Nasdaq 100 has all but climbed back from its brief move into correction territory, thanks in part to descending rates on the 10-year U.S. Treasury note, it's worth noting that many of the speculative tech plays are still off considerably from their all-time highs.

We're talking about the high-growth names whose profits lie way into the future, with stocks that'll be hit the hardest if rates were to ascend again.

In numerous prior pieces, I urged Canadian investors to buy the first-quarter dip in their favourite tech names and take bond yield predictions with a very fine grain of salt. The bond market, like the stock market, is an unpredictable beast. Despite the inflation jitters, I thought that investors would be best served by believing in the Fed. They saw inflation as transitory and temporary. As such, they weren't even thinking about thinking about raising interest rates.

## Cheap tech stocks this May 2021

In this piece, we'll have a look at two [incredible](#) Canadian tech stocks that are still on sale following the first-quarter growth-driven correction. It's these such names that I believe will have room to run as inflation jitters fade and rates continue on their descent toward the 1% mark.

Without further ado, consider **Docebo** ([TSX:DCBO](#))([NASDAQ:DCBO](#)) and **Kinaxis** ([TSX:KXS](#)), two great Canadian tech stocks with terrific growth stories, [durable competitive advantages](#), competent managers, and massive total addressable markets.

### Docebo

Docebo is an e-learning play that few heard of back in 2019. As the pandemic sent many workforces home, the demand for work-from-home infrastructure surged. Docebo's incredibly innovative platform

won some major customers in 2020. Using the power of AI, the firm actually has what it takes to secure a meaningful chunk of the niche LMS market over the next decade and beyond.

Today, the Canadian tech stock is under pressure due to the first-quarter souring of spec tech and worries the firm's pandemic tailwinds may be fading. While I do think the pandemic will end in 2022, the coronavirus probably isn't going to be eradicated anytime soon.

As a result, a return to normalcy should be viewed as a return to semi-normalcy. Annual booster shots, social distancing, masks, vaccine passports, and remote work, I believe, will become a mainstay at least for the next several years. Combined with the fact that many employees have no desire to return to the office, even as the economy reopens, and I think it's unwise to discount Docebo's potential in the post-pandemic world.

It's a winner that'll probably keep on winning for years to come. I'd look to buy shares while they're still down over 26% from their highs.

## Kinaxis

**Kinaxis** ([TSX:KXS](#)) is a supply-chain management software developer that was riding high on pandemic tailwinds. Supply chains around the world were in turmoil, and Kinaxis's solution played a major role in helping its clients make the most of the bad situation. On the other side of this pandemic, supply chains will become easier to tame, but I still think a cost-saving management solution like those offered by Kinaxis will still be a must.

Many folks in the mainstream media are going on about the "roaring 2020s" or some sort of post-pandemic spending boom. I think many firms' supply chains will be overwhelmed on the demand side going into the mid-2020s. Such an environment could be far kinder to Kinaxis than most think.

The tech stock is down 30% from its high, and analysts remain as bullish as ever. Just last month, Richard Tse maintained his "buy" rating on Kinaxis stock, with a Street-high \$225 price target, implying 50% worth of upside from today's levels (\$150).

I think Tse is right on the money and would encourage investors to consider initiating a position on weakness.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. TSX:DCBO (Docebo Inc.)
3. TSX:KXS (Kinaxis Inc.)

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