



Canada's 3 Best Tech Stocks to Grab in May!

Description

Are you looking for an opportunity to grab some high-quality tech stocks on the dip?

This month might just be your chance. In May, tech stocks are once again selling off, despite a string of stellar earnings releases last month. This certainly *looks* like a classic “buy-low” opportunity. And while there is no guarantee that stocks bought today will rise tomorrow, you’re certainly getting cheaper valuations now than you were a week ago. With that in mind, here are three Canadian tech stocks worth grabbing in May.

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is Canada's second-largest company by market cap. It went public in 2015 and has risen well over 3,500% since that time. The company was one of the few that actually [benefitted from the COVID-19 pandemic](#) rather than losing money because of it. In its first quarter after COVID-19 hit North America, [Shopify grew revenue by 97%](#). The closure of retail stores sent consumers flocking to online stores, like those hosted on Shopify. That benefitted the company immensely. And the growth only continued in the quarters that followed. In the second, third, and fourth quarters, SHOP grew revenue at 96%, 93.5%, and 110%, respectively. It also posted positive earnings in all of those quarters. It's been a phenomenal growth streak. Yet the stock is actually down for the year.

Constellation Software

Constellation Software ([TSX:CSU](#)) is an under-the-radar TSX tech stock that has delivered phenomenal returns. Over the last five years, its stock has risen 264% — easily beating the TSX in the same period. In its most recent quarter, CSU delivered 23% revenue growth, 37% growth in cash flows from operations, and \$269 million in free cash flow. Net income was a loss, but only because of a one time charge related to redeemable preferred securities. Overall, it was a solid quarter for CSU. Yet its stock slid this month, perhaps making it a classic dip-buying opportunity.

Lightspeed POS

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) is a retail POS company that recently branched out into e-commerce. It started as a company offering tablet point-of-sales systems to businesses like restaurants and retail stores. It had some success in that niche. But it was the company's online store offering that really made it a smash hit in the stock market. In 2020, when most retail stores were closed down, LSPD saw a lot of its vendors migrate to its online store platform. That led to several quarters of superior revenue growth — well above Wall Street's expectations.

In its most recent quarter, Lightspeed grew revenue by 79% year over year. E-commerce GTV grew by 100% year over year. Clearly, Lightspeed's online store software drove the bulk of its revenue growth, which makes sense, given the environment we're in today — with retail stores closed and online stores doing record sales. When the pandemic ends, this surge in online shopping may or may not slow down. Lightspeed, as a provider of both retail POS software and e-commerce software, is perfectly positioned to thrive in either scenario. Yet today, there is paradoxically an opportunity to buy the stock on a substantial dip, as it is down about 13% for the week.

CATEGORY

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TICKERS GLOBAL

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:SHOP (Shopify Inc.)

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