



TFSA Users: The Only Tech Stock I'd Buy With My \$6,000

Description

Most tech companies are [growth oriented](#). They plough all their earnings back into the company instead of distributing a portion to investors. These companies want to expand rapidly, hoping earnings will grow at a higher rate than the market. If successful, investors would derive [superior returns](#) from price or capital gains.

On the Toronto Stock Exchange (TSX), it's rare to see dividend-paying tech stocks. That is also why dividend investors or Tax-Free Savings Account (TFSA) users skip the technology sector. However, a select few tech companies re-invest their earnings into capital projects and share some with loyal investors.

If I have \$6,000 today, I can buy approximately 353 shares of **Absolute Software** (TSX:ABT)([NASDAQ:ABST](#)), The tech stock trades at \$17 per share and pays a 1.89% dividend. Also, analysts recommend a buy rating. They forecast a potential upside of 29.8% to \$22.06. Your capital would grow to \$7,788 in 12 months while receiving \$113.40 in dividends.

Incredible growth trajectory

The \$841.68 million company from Vancouver, B.C., which develops cybersecurity solutions, started as "LoJack for Laptops" in 1993. The founders' goal then was to develop and offer a product that would enable businesses and individuals to manage, track, and secure their computers wherever the devices' physical location.

Following its IPO in 2000, Absolute Software started building partnerships with most major original equipment manufacturers (OEMs). Its Persistence technology has been making waves since 2005 — the year Absolute's technology was embedded into a computer's BIOS or firmware for the first time. The rest is history.

Fast-growing cybersecurity market

Today, Absolute Software boasts unrivaled firmware-embedded protection for devices, data, and security controls. Its ecosystem system has grown significantly in 28 years. The company caters to governments, public organizations, and private entities in industries such as healthcare, education (K-12 and higher), and professional & financial services.

Besides the remote-work trend, cybersecurity is a vital need in the current environment due to the growing incidence of online attacks. In Q3 fiscal 2021 (quarter ended March 31, 2021), Absolute Software reported revenue growth of 18% versus Q3 fiscal 2020, although net income declined by 1%. Cash generated from operating activities was US\$7.3 million.

Still, Christy Wyatt, Absolute Software's president and CEO, views the quarterly results as solid and a direct reflection of the strong demand of the company's Endpoint Resilience capabilities. Organizations across all industries need to define the future of work or learning.

Wyatt said, "It is an exciting and dynamic time in this market space." Absolute Software is well positioned to deliver the security, agility, and resiliency needed to properly scale remote and hybrid operating models for the long term.

The recent move to acquire 100% of NetMotion Square, a leading network connectivity and security solution provider, should deliver meaningful benefits. Management is hell-bent on strengthening Absolute's overall competitive position now that Endpoint Resilience is fast evolving in the "work-from-anywhere" era.

Two-pronged benefit for TFSA users

Absolute Software is a must-buy for TFSA users in 2021. The company will seize the moment and capitalize on several compelling opportunities to cement its market-leading position. Market Research Future estimates the cybersecurity market to grow in size or around US\$199.98 billion by 2025.

The growth runway of this tech stock is very long. Would-be investors could benefit two ways: price appreciation and recurring dividend payouts.

CATEGORY

1. Dividend Stocks
2. Investing
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