



2 Top Tech Stocks to Buy Without Hesitation

Description

Growth investors have increasingly focused on adding exposure to [tech stocks](#) in recent years. For those who have done so, the returns have been incredible.

However, today, valuations are becoming stretched in the tech market. Accordingly, finding appropriately priced tech stocks isn't as easy as it once was.

That said, in every market, it's possible to find reasonably valued companies relative to their growth prospects. In this article, I'm going to discuss two of my top picks in this regard.

Let's dive in.

Top tech stocks: Constellation Software

One of the [top tech stocks](#) I've been watching in recent years has been **Constellation Software** ([TSX:CSU](#)). Indeed, this is a company with a historical growth track record that's hard to parallel on the TSX.

Constellation has grown so quickly via the adoption of a very successful business model. Via a series of more than 500 acquisitions over the years, Constellation has consolidated a highly fragmented software market. Mainly focused in North America, Constellation has begun to go global in its search for the best companies to integrate into its incubator-style business model.

What differentiates Constellation from other similar businesses is the type of deals the company pursues. Most of Constellation's software holdings are companies generating growing free cash flow. These are mainly profitable businesses, with tremendous growth trajectories. Accordingly, via synergies and expansion strategies, Constellation has been able to increase the ROI on its investments dramatically. This has resulted in some serious gains for early investors in CSU stock.

The question of whether Constellation is too highly priced at these levels continues to arise. However, for investors who see tonnes of potential on the horizon for additional deals (as I do), there's no reason

to think this business model can't continue indefinitely. Indeed, Constellation's track record speaks volumes. And until the company makes a mistake, I'll remain bullish on this stock.

Open Text

Another tech stock that has been an absolute gem in recent decades is **Open Text** ([TSX:OTEX](#))([NASDAQ:OTEX](#)). Like Constellation, this company has followed a growth-by-acquisition strategy. And like Constellation, the company has provided investors with absolutely eye-watering returns over time.

Despite falling precipitously last year, Open Text's stock price has recovered to trade near all-time highs at the time of writing. And like Constellation, there's plenty of reason to believe the company's growth model isn't broken. Far from it.

I think Open Text's portfolio of software products and services have tremendous room for growth. In a world focused on digitization, Open Text stands as a beacon of growth for investors seeking a stable, reliable player.

Like Constellation, Open Text's valuation multiple is rather high. Both companies trade around 90-times trailing earnings. However, given how aggressive one's forward-looking earnings growth estimates are, one can make the argument that these stocks are fairly valued today.

The company's software as a service (SaaS) revenue streams are extremely attractive. I think this growth stock is deserving of a hard look by any investor considering top-notch growth stocks today. Given where interest rates are, these companies could have a lot more room to run.

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2. TSX:CSU (Constellation Software Inc.)
3. TSX:OTEX (Open Text Corporation)

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