The 4 Best Under-$100 TSX Tech Stocks to Buy Right Now

Description

The rapid adoption of digital products, structural shift in selling models, and pandemic-led restrictions led to a stellar rally in Canadian tech stocks in 2020. However, profit booking, valuation concerns, and expected moderation in growth rate weighed on tech stocks, as shares of most the companies reversed some of their gains in 2021.

However, I see this pullback as an opportunity to buy the shares of these high-growth companies for the long term. I have selected four tech stocks that one might consider adding to their portfolio for stellar returns. Also, these tech stocks are priced under $100.

WELL Health Technologies

WELL Health (TSX:WELL) stock went through the roof and surged over 416% in 2020. However, it has fallen over 13% in the last six months and looks attractive at current price levels. Despite easing restrictions, I expect WELL Health's financials to continue to grow rapidly due to its recent acquisitions and favourable industry trends.

Meanwhile, strength in its Canadian operations, organic growth opportunities, and strong M&A pipeline bode well for long-term growth. Furthermore, the digitization of clinical assets, growing market share, and focus on cost optimization will likely provide a solid foundation for future growth.

Absolute Software

Absolute Software (TSX:ABST)(NASDAQ:ABST) erased all its gains and is down about 5.9% this year. Notably, Absolute Software stock fell nearly 18% since it reported lower-than-expected Q4 earnings on Aug. 10. Despite the Q4 underperformance, I remain upbeat on Absolute Software stock, thanks to its solid annual recurring revenue, ability to deliver strong profits, robust balance sheet.

Absolute Software's growing customer base, cross-selling opportunities, large addressable market, and higher retention rate augur well for future growth. I expect the demand for its products and offerings to remain elevated, reflecting higher spending on cybersecurity threats and favourable industry trends. Also, geographic and channel expansion and lower direct competitive activities could accelerate its future growth and, in turn, drive its stock price.

Enghouse Systems

So far this year, **Enghouse Systems** (TSX:ENGH) stock is trading in the red, as moderation in the growth rate failed to impress investors. However, I'm bullish Enghouse's long-term prospects, thanks to its profitable growth and strong operating cash flows. Enghouse has consistently delivered solid financial performance, even in the pre-pandemic period on the back of its two-pronged growth strategy (organic growth and acquisitions).

I believe Enghouse's strong recurring revenues, debt-free balance sheet, and strong cash position provide a solid foundation for growth. Further, its diversified product base and strategic acquisitions will likely support its growth. Thanks to its high-quality earnings, I expect its dividend to increase at a healthy pace in the coming years.

Dye & Durham

Like its tech peers, **Dye & Durham** (TSX:DND) stock witnessed a fair amount selling in its stock, as reflected through a year-to-date decline of over 10% in its price. I believe the pullback provides a solid opportunity for long-term investors to add this high-growth company to their portfolio.

Despite tough year-over-year comparisons, Dye & Durham's revenues and adjusted EBITDA could continue to grow swiftly, reflecting benefits from its acquisitions. Meanwhile, its large customer base, long-term contracts, higher net revenue-retention rate, and lower churn augur well for future growth. Furthermore, its robust M&A pipeline and expansion in high-growth markets should further accelerate its growth rate and, in turn, its stock.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:ABST (Absolute Software)
2. TSX:ABST (Absolute Software)
3. TSX:DND (Dye & Durham Limited)
4. TSX:ENGH (Enghouse Systems Ltd.)
5. TSX:WELL (WELL Health Technologies Corp.)

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snahata