Tech Stocks Are in Turmoil: 2 Top Companies to Buy at a Discount

Description

After the Canadian market's recent selloff, now could be an opportunistic time to go shopping. High-growth tech stocks in particular have had a rough past two weeks. The market as a whole is down more than 5% since mid-November, with many tech companies falling far more than that.

The tech sector is where investors will find many of the high-valued stocks on the **TSX**. As a result, it's not surprising to see a lot of those tech stocks drop that much more than the broader market over the past few weeks.

I wouldn't blame short-term investors for being hesitant to invest today. Volatility in the market right now is off the charts, and it doesn't look like that will change anytime soon. The new COVID variant has created a lot of uncertainty in the market, which partly explains the recent selloff.

Long-term investors, however, have been presented with an excellent buying opportunity. There's no shortage of discounted tech stocks trading on the TSX right now. I've reviewed two top picks that are on my watch list this month.

Tech stock #1: Kinaxis

With all the talk surrounding supply chain management issues these days, **Kinaxis** (TSX:KXS) may be on many investors' watch lists in December.

The $5 billion company specializes in designing software for supply chain operations. The software provides support throughout the entire process, including demand and supply planning as well as inventory management.

Even with all the recent supply chain issues across the globe, the tech stock is still trading at a very reasonable price. Kinaxis is not a cheap stock from a valuation perspective, but that's because market-beating growth potential comes at a premium.

Shares are down about 20% from all-time highs set less than one month ago. Still, shareholders are sitting on a more than 200% gain over the past five years.

I'm betting that the demand for Kinaxis's software isn't going to slow anytime soon. That's why I strongly believe this tech still has many more market-beating years ahead of it.

Tech stock #2: Nuvei

Nuvei (TSX:NVEI)(NASDAQ:NVEI) has been on my radar for a few months now. And now that shares are down 30% from all-time highs, I may finally end up starting a position in December.

I'm very bullish on the growth opportunity in the payments space, and this tech stock is a Canadian leader in the growing market. Nuvei has done an impressive job expanding both its product offering and geographic presence. The tech company may be headquartered in Canada, but its international footprint is steadily growing.

This tech stock is even more expensive than Kinaxis, but its steep price tag is well warranted. Nuvei is already up 150% since it joined the TSX in September 2020. And with a market cap still under $20 billion, I believe there will be many more years of market-beating growth ahead for the tech stock.

Foolish bottom line

If you can stomach the volatility and have a time horizon of at least five years, I'd highly suggest adding a couple of high-growth tech stocks to your portfolio. You may need to pay up to own shares of a top tech company, but that's because you'll have the potential to earn market-crushing gains.

CATEGORY

1. Investing
2. Tech Stocks

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