



TFSA Investors: 2 Cheap Tech Stocks to Buy in 2022

Description

As of January 1, 2022, Canadians have an extra \$6,000 that they're eligible to contribute to their [Tax-Free Savings Account](#) (TFSA).

Don't worry if you're behind on your TFSA contributions. Unused contributions can be carried over from year to year, bringing the total TFSA contribution limit to \$81,500.

What makes the TFSA a fantastic savings account is its flexibility. Canadians have the option to withdraw funds as often as they'd like, without ever needing to pay tax. As a result, the TFSA can be used for both short- and long-term savings goals.

Why TFSA investors should own growth stocks

Another key selling point of the TFSA is the fact that capital gains are not taxed. If you're a long-term investor, I'd argue that's the key reason why you'd want to max out your contributions each year.

Investments can compound year after year, without ever being taxed. \$81,500 likely isn't enough for you to retire with. But if you've got decades until retirement, a maxed-out TFSA today could fund a significant amount of expenses during your golden years.

Since I've still got a few decades until I plan on retiring, my TFSA is loaded with [growth stocks](#). I've reviewed two top tech companies that I'll be looking to add to my portfolio in 2022. And with both stocks trading at a discount right now, I may not be waiting long to start a position.

Constellation Software

There aren't many other [Canadian stocks](#) that have outperformed **Constellation Software** ([TSX:CSU](#)) during its time as a public company. But now that the company is nearing a market cap of \$50 billion, Constellation Software is likely past its high-growth days.

The tech stock might have slowed down in recent years, but it hasn't had any trouble continuing to largely outperform the Canadian market. Shares are up 250% over the past five years. In comparison, the **S&P/TSX Composite Index** is up not even 50%.

With shares currently trading 10% below 52-week highs, Constellation Software is at the top of my watch list.

Descartes Systems

I've had this tech stock on my radar for a few months now. With all the supply chain issues that companies across the globe have been dealing with, **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)) may stand to see a spike in demand over the next several years.

The tech company provides a range of different cloud-based solutions that help improve supply chain management processes. Descartes System also boasts an international presence, with clients spread across the globe.

Shares are up 200% over the past five years, easily outpacing the Canadian market. But I'm banking on the next five years being better than the last five for Descartes Systems.

From a valuation perspective, Descartes Systems is not exactly a cheap stock. Shares are trading at an expensive forward price-to-earnings ratio of above 50.

Expectations for Descartes Systems are high, which is why the company trades at a premium. Volatility will likely also continue, at least while the tech stock is trading at these levels, so I'd caution investors to be patient during inevitable pullbacks.

But from a stock price perspective, growth investors won't want to miss this buying opportunity. Shares are down more than 20% from all-time highs set just two months ago.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:DSG (The Descartes Systems Group Inc)

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