



Should You Have These 3 Tech Stocks in Your Retirement Portfolio?

Description

Tech tends to be one of the most dynamic sectors in the stock market, thanks to the rapidly changing nature of the underlying businesses. Tech companies can rise and fall much more quickly compared to their mature and slow counterparts from other sectors (even during normal broad market conditions), like finance and energy. This is not necessarily a bad thing, as it allows you to capture significant short-term growth.

But when it comes to long-term growth and retirement portfolios, not all tech stocks might be worth investing in.

An e-commerce stock

Lightspeed ([TSX:LSPD](#))([NYSE:LSPD](#)) is currently experiencing a major slump. The [e-commerce company](#) that was once hailed as the successor of the mighty **Shopify**, one of the best tech stocks in TSX history, has plummeted 74.8% in about four years. Two identifiable factors could have triggered this fall: a report published by a short-seller firm or the aggressive acquisition strategy the company has recently adopted.

The company has had two earnings cycles after the short-seller report, and in both quarters, it saw substantial financial growth, though still incurring net losses. The subscription revenue growing shows that even if *investors* are leaving Lightspeed, *users* are not, which speaks to the company's financial health, even if its spending is questionable.

However, even if the current slump is a great time to buy this company and capture the recovery growth it offers, it might not be a perfect long-term holding for your retirement portfolio. Buying now and exiting before the next slump/correction cycle might be the smart thing to do, unless the stock proves to follow the same long-term growth pattern as Shopify.

An enterprise information management software company

If you believe in “slow and steady wins the race,” then **Open Text** ([TSX:OTEX](#))([NASDAQ:OTEX](#)) might be the tech stock that you can consider adding to your retirement portfolio. The stock has shown a consistent upward pattern, no matter how shaky it is, since about mid-2015 and has grown roughly 133% since then. However, if you go back about a decade, the growth of this tech stock since 2006 has been quite amazing (about 1,400%).

There are other reasons it might be the appropriate stock for your retirement portfolio and as a long-term holding (apart from the consistency of its growth). It’s one of the largest tech companies in the country and one of the most prominent players in its domain, which is evident from its clientele, which includes 90 out of Fortune 100 companies. It’s also a Dividend Aristocrat — a rarity in the tech sector.

A long-term growth stock

If there is one tech stock that you can add to your retirement portfolio with almost no reservations, it’s **Constellation Software** ([TSX:CSU](#)). [The company](#) has been growing at an incredible pace for well over two decades, and its consistency is almost eerie. And even though the past is no guarantee of the future, this stock *has* remained consistent with its growth past for far longer than most companies are able to.

The problem with investing in Constellation is its cost per share. At \$2,042 per share, it rocks a price tag that drives away many investors. But you can get exposure to this amazing company via fractional shares.

Foolish takeaway

All three [tech stocks](#) have different merits, but not all are the perfect fit for your retirement portfolio. However, that assumes the “hands-off” nature of that portfolio. If you are consistently tweaking, adding to, or removing from your portfolio, you can add even the most dynamic of tech stocks to it.

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1. Investing
2. Tech Stocks

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3. TSX:CSU (Constellation Software Inc.)
4. TSX:LSPD (Lightspeed Commerce)
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Author

adamothonman

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