



How to Invest in a TSX Tech Stock Market Selloff

Description

TSX tech stocks have been experiencing a serious [bear market](#) for several months now. If you have bought a Canadian tech stock in the past three months, you might be sitting with a position in the red. Certainly, it can be unnerving to own a negative position. However, fear not.

You can only lose money if you sell at a loss

[Don't panic](#). You only lose money if you sell your position. Behavioural studies have found that the feelings of fear over a permanent investment loss are significantly magnified over the feelings of happiness from a positive return. As a result, when the market is fast declining, fear can easily become a dominant feeling. That fear can lead to irrational decision making.

Often in these situations, the best thing to do is nothing. If you own a stock portfolio of high-quality businesses (i.e., strong balance sheet, great managers, market-leading products/services, long-term growth, and profitability, to name a few characteristics), chances are good they will prevail (and so will returns) long into the future.

Buy TSX growth stocks when they are cheap for elevated, long-term returns

If you have capital, courage, and an investor's mindset (a long multi-year investment horizon), now may be just the right opportunity to add to your portfolio. Top TSX tech stocks are starting to hit attractive valuations and savvy investors can capture material upside by acquiring growth stocks while they are cheap. Simply buy quality stocks, hold, and be patient. Here two TSX tech stocks that look very interesting today.

Sangoma Technologies: This TSX stock is very cheap

Small-cap stocks have been punished over the past few years. In fact, many small-cap stocks are

trading at a material discount to the market and at the cheapest prices that they have traded for in years. One TSX stock that has been punished is **Sangoma Technologies** ([TSX:STC](#))([NASDAQ:SANG](#)). Over the past year, this stock is down over 50%. It only trades with a \$300 million market capitalization today.

Sangoma provides a one-stop communications platform for small- to medium-sized businesses across the world. Despite its stock decline, its business has performed admirably. Last year, on the back of a transformational acquisition in the United States, it grew revenues and EBITDA by over 30% and 50%, respectively

The company just reported [a strong quarter](#), where sales and adjusted EBITDA each grew 100% over last year. It also raised its 2022 fiscal outlook. Despite, this TSX stock trades with a price-to-sales (P/S) multiple of 1.3, an enterprise value-to-EBITDA (EV/EBITDA) ratio of 6.5, and a free cash flow yield of 15%. I don't know when this stock will bottom, but its business certainly looks attractive today.

Calian Group: Growth, value, and income

Calian Group ([TSX:CGY](#)) is another underfollowed TSX tech stock investors might want to consider. It offers investors an appealing combination of growth, value, and income. Calian operates a conglomerate of technology businesses focused on education, cybersecurity, healthcare, and satcom/advanced technologies.

Over the past three years, it has been growing revenues consistently by around 20%. EBITDA has grown at double that pace. While this stock has held up relatively well through the recent market selloff, it is still very attractively priced. It only trades with a P/S of one, a price-to-earnings ratio of 13, and an EV/EBITDA ratio of 10.

The company has a great balance sheet and multiple avenues (organic and acquisition) to grow in 2022 and beyond. It also pays a nice 2% dividend. If you want a cheap, quality stock that the market doesn't appear to recognize, Calian is a great TSX stock to buy today.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:CGY (Calian Group Ltd.)
2. TSX:STC (Sangoma Technologies Corporation)

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