



Got \$3,000? 3 Top Tech Stocks to Buy and Hold for the Long Term

Description

Investors who have some cash sitting in their savings accounts should deploy a major portion of it towards equities and take advantage of some exciting buying opportunities. The ongoing selloff surrounding high-growth tech stocks provides a perfect buying opportunity for equity investors.

Sure, the stock market might continue to decline, but as it's impossible to time the dip, every major correction should be leveraged to purchase quality [growth stocks](#) at a discount.

Here, we'll take a look at three such [tech stocks](#) that should be part of your growth portfolio right now.

Shopify

A Canadian e-commerce giant trading 59% below all-time highs, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) has returned 2,720% to investors since it went public back in 2015.

Shopify has two primary business segments that include subscription services and merchant solutions. Subscription solutions derive revenue from the fees paid by merchants to use Shopify's suite of products and services. Comparatively, merchant fees represent a portion of every transaction processed through the Shopify website, which is driven by gross merchandise volume, or GMV.

In the last two years, Shopify's GMV increased by 187% from US\$61.1 billion in 2019 to US\$175.4 billion in 2021. Comparatively, its merchant services revenue rose by 248% from US\$940 million to US\$3.27 billion in this period.

Shopify remains a top bet, as it's part of the rapidly expanding e-commerce market. Analysts tracking SHOP stock have a 12-month average price target of US\$1,500, which is 100% above its current trading price.

Magnet Forensics

A mid-cap company valued at a market cap of \$1.2 billion, **Magnet Forensics** ([TSX:MAGT](#)) develops [data analytics software](#) used for digital forensics investigations to enterprises in the U.S., Canada, and Europe.

Magnet announced its Q4 results earlier this month and reported revenue of US\$21.4 million — an increase of 37% year over year. In fiscal 2021, its sales stood at US\$70.3 million. It ended Q4 with a gross margin of 93%, adjusted EBITDA of US\$4.7 million, and a net income of US\$0.8 million.

Its net income declined by 82% while EBITDA was down 19% year over year in Q4 due to higher operating expenses, which indicates the company is sacrificing profitability for growth. Further, Magnet's annual recurring revenue rose 48% year over year to US\$61.3 million.

Analysts tracking the stock expect Magnet to grow sales by 32% to US\$116 million in 2022 and by 28.4% to US\$149 million in 2023.

CrowdStrike

Another cybersecurity company that makes the list is **CrowdStrike** ([NASDAQ:CRWD](#)), which is valued at US\$50 billion by [market cap](#). CRWD stock is down 24% from all-time highs and continues to trade at a premium. However, the ongoing conflict between [Russia and Ukraine](#) might increase demand for cybersecurity services, which should result in higher sales for CrowdStrike.

In the last five years, CrowdStrike has increased its customer base from 450 in fiscal 2017 to 16,325 in fiscal 2022 (ended in January). Its customer count rose 65% in fiscal 2022, and these clients are also increasing spending on the CrowdStrike platform.

CrowdStrike offers several modules to enterprises. In Q4 of fiscal 2019, around 47% of customers used four or more modules. This number has risen to 69% in fiscal 2022, allowing the company to grow sales by 65% to US\$1.45 billion in the last 12 months.

While still unprofitable, CrowdStrike reported a free cash flow margin of 30%. It estimates the total addressable market at US\$116 billion, allowing it to grow sales at a steady pace in the upcoming decade.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:CRWD (CrowdStrike)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:MAGT (Magnet Forensics)
4. TSX:SHOP (Shopify Inc.)

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