



2 Top Tech Stocks Investors Should Pay Attention to Right Now

Description

Entering 2022, tech stocks were on an amazing streak. But that incredible streak appears to be in grave danger of getting broken.

A mix of higher expectations of rising interest rates, war erupting in Europe owing to Russia's invasion of Ukraine, and high valuations have hurt the investment thesis for tech stocks. Indeed, these factors play disproportionately into riskier assets and equities with business models focused on hyper-growth areas of the market.

That said, we're seeing a resurgence in names like **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) and **Constellation Software** ([TSX:CSU](#)). Let's dive into whether this share price appreciation can continue.

Top tech stocks: BlackBerry

BlackBerry does not make smartphones nowadays. In fact, this former hardware maker has all but transitioned to a pure-play software company.

Still, this midcap tech stock did beat the market in 2021 with a 41% gain. There are also some other positives that investors must look at, with this company having a market valuation of \$4.4 billion.

For instance, cybersecurity has grown to become a major portion of BlackBerry's top line, with 61% of the organization's \$174 million sales from company's fiscal Q1 quarter that ended in May. For fiscal Q3, which ended in November, the cybersecurity revenue of BlackBerry touched \$128 million — that's 69.5% of the firm's total revenue of \$184 million.

Thus, for those bullish on growth in the cybersecurity space, this is an important factor to consider. Cybersecurity threats have only picked up, given the Russian invasion of Ukraine. Accordingly, BlackBerry is one of the tech stocks I think is worth considering at these levels as a potential defensive [growth](#) option right now.

Constellation Software

With more than 200 offices globally, Constellation Software builds, acquires, and manages VMS (vertical market software) solutions that address customers' specific requirements across diverse verticals. Recently, the company stated that it completed an agreement via N. Harris Computer Corporation, a wholly owned subsidiary of Constellation, to acquire the net assets of Allscripts's Hospitals and Large Physician Practices business segment.

After reviewing this acquisition announcement, Richard Tse, a **National Bank** analyst, maintained a "Sector Perform" rating on this stock. In a report to clients, Mr. Tse stated that though this purchase raises multiple questions, he believes Constellation Software boasts the proven wherewithal to transform the company's services and software assets into a game changer for its business. In addition, Mr. Tse sees this acquisition as representing lucrative value, considering it will be a 50-50 financing between debt and cash.

I tend to agree. Constellation's business model is one that's based on growth via acquisitions. As the company continues to ramp up its deal flow, investors stand to benefit — that is, so long as Constellation is able to increase returns on these deals over time.

Both BlackBerry and Constellation are hot stocks right now. I don't expect that to change in the short term. Thus, those looking for some high-profile momentum stocks may want to consider these two tech names right now.

CATEGORY

1. Investing
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2. TSX:BB (BlackBerry)
3. TSX:CSU (Constellation Software Inc.)

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