



Top 2 Tech Stocks for April 2022

Description

Contrarian investors look for opportunities in beaten-down sectors. Perhaps the least-popular sector right now is technology. Software companies, e-commerce stocks and cryptocurrencies are nearly all trading for less than they were last year. Some tech stocks have lost double-digit percentage points in market value in just a few months.

That's a clear opportunity for bargain hunters. Here are the top two tech stocks I believe growth investors should watch in the month ahead.

Tech stock #1

Topicus ([TSXV:TOI](#)) is my top pick for [undervalued tech stocks](#) right now. This morning the stock is down 1%. That continues a losing streak that's been ongoing since November last year. Topicus is worth a third less than it was in late 2021.

This lacklustre performance is driven by a change in investor sentiment about the tech sector. However, the company is still executing its growth strategy with great results. The Topicus team has closed several acquisition deals in recent months and is currently in the process of acquiring **Sygnity S.A.**, a software company listed on the Warsaw Stock Exchange.

These acquisitions should help the company sustain its steady pace of expansion across Europe. Eventually, these bolt-on deals should enhance the company's free cash flows. At the moment, the stock trades at roughly 64.8 times free cash flow per share. That's reasonable for a growing software company.

Keep an eye on this opportunity.

Tech stock #2

Cryptocurrencies are closely correlated with tech stocks. **Bitcoin**, **Ethereum**, and nearly all other

digital assets have lost tremendous value in recent months. Ethereum is trading 34% below its November 2021 high. However, the downturn creates an opportunity for long-term investors to add exposure.

One potential opportunity is **Purpose Ether Yield ETF** (TSX:ETHY). This unique exchange-traded fund tracks the value of Ethereum but also offers a dividend to enhance returns. The dividend is generated by writing covered call options on a portion of the ETH holdings. In other words, the fund collects premiums paid by day traders to enhance the returns of long-term buy-and-hold investors.

At the moment, the ETHY fund offers an unbelievable 15.55% dividend yield. That yield comes with a few caveats. Firstly, it isn't fixed, so the actual yield you earn depends on the popularity and demand for short-term crypto trading. Secondly, Purpose charges a 1.1% management fee for the fund, which lowers the net return.

Nevertheless, a double-digit yield could buffer the losses from Ethereum. Or it could greatly enhance your long-term performance if there's another crypto bull run. The fund structure also qualifies it for registered accounts. That means you can add it to your Tax-Free Savings Account and mitigate taxes on dividends and capital gains over time.

Put simply, this fund is an ideal target if you're looking to add crypto exposure in 2022.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:ETHY.B (Purpose Ether Yield ETF)
2. TSXV:TOI (Topicus.Com Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
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