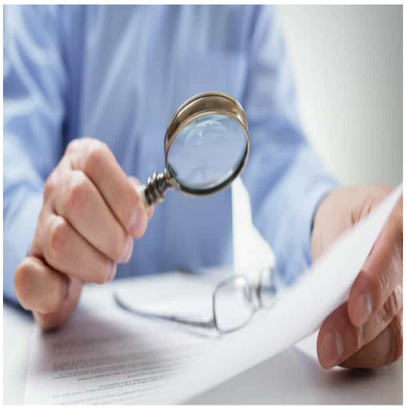

3 TSX Tech Stocks That Didn't Deserve to Drop So Much

Description

The tech sector has been suffering for a while now. The capped IT index has been cresting since September 2021, and so far, it has fallen about 44%. The bulk of that decline is led by **Shopify**, the e-commerce giant that is still the largest company in the sector by market cap. But it didn't suffer alone; many tech companies saw aggressive devaluation, and many didn't deserve it.

A safety-oriented tech company

Blackline Safety (TSXV:BLN) is a slight exception to the tech stocks in Canada right now, most of which are focused on software. Blackline's tech solutions are primarily about hardware. It's the premier personal gas detector manufacturer in the country. It has spread out the range of its solutions over the years to include other gas sensors, lone worker, and area monitoring gadgets, and complementary software solutions.

The solution focus and its overlap with the energy sector should have been pushing the stock upward, but instead, it's currently suffering alongside the Canadian tech sector and is already down 40% from its peak. Considering the fact that the stock only rose roughly 113% in the post-pandemic recovery momentum, the decline is quite severe for a correction.

An IT services company

Telus International (TSX:TIXT)(NYSE:TIXT) is a new company with an old name. **Telus Corp.** is one of the three telecom giants in Canada, and Telus International is a tech-oriented spin-off that offers IT services. However, its solutions portfolio is significantly more extensive. That includes customer experience services, AI Data solutions, digital experience, automation, etc.

The stock only started trading on the TSX in Feb. 2021. It saw modest growth to the peak but wassoon caught up in the sector-wide bearish phase and has already dropped 42%. This makes it akin toa victim of opportunity, though the relatively high price-to-earnings ratio doesn't paint a very confident picture in favour of the stock.

A U.S.-based tech company

Companies with a relatively loyal consumer base and a significant competitive advantage *may* potentially outperform the sector when it's down, but it didn't happen with **Ceridian HCM Holding** (TSX:CDAY)(NYSE:CDAY). The stock of this U.S.-based company was a pretty decent grower well before the pandemic, and the 2020 crash and its post-pandemic growth cannot be classified as unnaturally rapid.

Yet its fall has been quite substantial. The stock has fallen roughly 55% since the 2021 peak, and it has gotten way past a correction since the current price is almost 28% lower than the pre-pandemic peak. While this is quite disheartening, it's also an opportunity.

You can buy this usually outstanding growth stock at a heavily discounted price. For new investors, it can be a fantastic growth opportunity. For ones that already have it in their portfolio, it can be used to reduce the price point of the existing position to more attractive levels.

Foolish takeaway

Not all currently discounted tech stocks offer similar long-term growth potential. Many of them might have already lived their glory days, while others may still have it in them to reach new peaks. The three stocks most likely fall in the second category, making their current discounted prices valuable bargains.

CATEGORY

1. Investing
2. Tech Stocks

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2. NYSE:TIXT (Telus International)
3. TSX:DAY (Dayforce)
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