



The Best U.S. Tech Stocks to Buy in August

Description

The first seven months of 2022 have been extremely brutal for stock market investors. All major indices, including the **Dow Jones Industrial Average**, the **S&P 500**, and the tech-heavy **Nasdaq Composite** index, were trading at record highs at the end of 2021. Each of these indices are now down between 10% and 21% from all-time highs, due to a challenging macro-economic environment.

Many [tech stocks](#) are reeling under the pressure of rising interest rates and inflation, making investors nervous. But the stock market volatility allows you to buy stocks at a discount and benefit from exponential gains once investor sentiment improves.

Here, we'll look at three U.S. large-cap tech stocks that Canadian investors can buy right now.

Salesforce

One of the largest SaaS (software-as-a-service) companies globally, **Salesforce** ([NYSE:CRM](#)) stock is down 39% from all-time highs. Salesforce provides enterprise-facing CRM (customer relationship management) software that allows clients to improve customer engagement and increase revenue over time.

CRM solutions are used across industries, including healthcare, retail, industrials and finance, allowing Salesforce to increase sales from \$13.28 billion in fiscal 2019 to \$26.49 billion in fiscal 2022 (ended in January).

Salesforce is a leader in the CRM vertical and accounts for almost a quarter of worldwide CRM software spending, according to market research firm, IDC. In addition to organic growth, Salesforce's top line has expanded via big-ticket acquisitions, such as Slack Technologies and Tableau Software, in the past decade.

Salesforce's stock price has surged by 473% since August 2012, despite its recent decline. It's also trading at a discount of 29% compared to Wall Street estimates.

Microsoft

Valued at a [market cap](#) of \$2.1 trillion, **Microsoft** ([NASDAQ:MSFT](#)) is among the largest companies in the world. In the last 10 years, Microsoft has expanded its suite of subscription services, allowing the tech giant to generate stable cash flows across economic cycles.

Further, it has gained massive traction in the cloud computing vertical and is now the second public cloud infrastructure company in the world after **Amazon**. Microsoft's cloud services platform, also called Azure, provides solutions to 95% of Fortune 500 companies.

In fiscal 2022 (ended in June), Microsoft's intelligent cloud sales rose 25% year over year to \$75.2 billion. Overall sales rose 18% to \$198 billion, while Azure was the best-performing business, growing 45% in the June quarter.

Broadcom

The final tech stock on my list is **Broadcom** ([NASDAQ:AVGO](#)) which has returned 1,810% in dividend adjusted gains to investors since August 2012. Despite its stellar gains, Broadcom's stock price is down 17% from record highs and pays investors a dividend yield of 3%. Further, Broadcom stock is valued at 27 times forward earnings, which is at a multi-year low.

Broadcom first paid investors a quarterly dividend of \$0.07 per share in Q4 of 2010. Its quarterly payout has increased to \$4.1 per share, rising by 20% annually in the last 12 years.

In the last two quarters, Broadcom sales have increased 19% year over year to \$15.8 billion, while net income surged 81% to \$4.9 billion.

Its free cash flow at the end of fiscal Q2 of 2022 (ended in May) stood at \$7.5 billion. It paid dividends worth \$3.5 billion to investors, indicating a payout ratio of 47%. So, Broadcom's dividend is not only sustainable, but investors can expect further increases in the future as well.

CATEGORY

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TICKERS GLOBAL

1. NASDAQ:AMZN (Amazon.com Inc.)
2. NASDAQ:AVGO (Broadcom Limited)
3. NASDAQ:MSFT (Microsoft Corporation)
4. NYSE:CRM (Salesforce Inc.)

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