



## 3 TSX Tech Stocks That Could Soar

### Description

While it's not nearly at the level yet, the tech sector in Canada is mimicking the energy sector's pattern in 2014-2015, albeit at a slower pace. The **TSX Capped IT Index** has fallen 49.7% from its peak, and the pattern is still downwards. However, if you believe recovery is not too far now, it might be the perfect time to buy the [tech stocks](#) that may soar in a favourable market.

### An e-commerce giant

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is currently trading at \$28.2 per share, an 83% discount from its 2021 peak and a 46% discount from the pre-pandemic peak. That's quite a drop for a company that, for a while, pushed **Royal Bank of Canada** from the top spot on the TSX (the largest publicly traded company).

This fall is significantly higher than the sector's average decline and has other catalysts driving it. High inflation and interest rates, slow e-commerce activity, and direct competition from **Amazon** are three of the factors contributing to Shopify's hard fall.

However, the trajectory of the stock's fall is currently more stable compared to the tech sector. And if there is even a modest chance that the stock could bounce back and soar, the "scale" of the discount might translate quite well in the recovery.

### A vertical market software company

**Topicus** ([TSXV:TOI](#)), with a market capitalization of \$5.48 billion, is currently one of the largest companies trading on the venture capital market. And that's the capitalization it has after a 51% decline from its peak, so it was significantly more prominent in 2021.

The company exists under the **Constellation Software** umbrella and was spun off at the beginning of 2021. Its association with one of the most lucrative stocks in the tech market and its business model, i.e., vertical market software in the stable European market, makes it a worthy candidate to buy for

potential recovery.

One caveat in its recovery, especially in the near future, is its overvaluation. Even though the price is heavily discounted, the company is trading at a price-to-earnings ratio of almost 223 and a price-to-book ratio over 17.

## A newcomer tech company

**Coveo Solutions** ([TSX:CVO](#)) is a tech stock even fresher than Topicus that you might consider investing in. From a valuation perspective, Coveo is the opposite of Topicus, as it's one of the most undervalued companies in the tech sector. Its financials also seem pretty attractive, as it has almost no debt and a significant amount in cash (compared to the debt).

This makes it one of the companies that might be down just because of the sector's poor performance. It started trading on the TSX in Nov. 2021 and has fallen over 67% since its inception. Coveo has a "relevance platform," powered by artificial intelligence.

And it has already found considerable room for growth within the e-commerce market segment. As an AI company with a mature product in the market, Coveo appears to be a promising prospect.

## Foolish takeaway

Even though Coveo and Topicus are promising prospects and relatively new to joining the market, they would have made relatively poor [IPO \(initial public offering\) stocks](#) considering the brutal fall they experienced due to a falling sector. But at the current discounted price, all three are worth buying for eventual recovery and robust growth prospects.

### CATEGORY

1. Investing
2. Tech Stocks

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1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)
3. TSXV:TOI (Topicus.Com Inc.)

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