3 Tech Stocks That Are Recovering Faster Than Their Peers

Description

The tech sector has fallen so much from its post-pandemic peak that the index is now 4.95% lower than the *pre-pandemic* peak. It has shown some signs of recovery in the past few months, but so far, most of them have turned out to be temporary reprieves before an even harder push downwards.

However, the entire sector is not moving in the same direction. There are three tech stocks that have started to recover ahead of their peers and may be the early birds of a fully fledged, sector-wide recovery. If that's the case, then investing in the three companies can help you capture the bulk of the sector's recovery.

Converge Technology Solutions

Converge Technology Solutions (TSX:CTS) is a small-cap IT service management company that offers a wide range of solutions to clients from various industries. The company stands out from other IT service management companies thanks to its strategic alliances with the most prominent players in the market, including companies like **Microsoft** and **CISCO**.

The stock has been going up since early September. It has been a rough ride, but the stock has gained over 26% in less than two months. The sector only gained about 2.2% in that time. If the stock's momentum carries it forward at the same rate, it can offer promising returns to its investors, especially considering that it's trading at a 43% discount from its peak.

The course of recovery may push the stock beyond that mark, and you might be able to double your capital in that bullish phase.

Topicus.com

Topicus (TSXV:TOI) is a **Constellation Software** company, which lends it a lot of credibility as an investment. Constellation has been one of the most consistent growth stocks on the TSX for some time now, and this relatively new Topicus stock may have the same consistent growth potential.

But since the stock has only started trading on the TSX in 2021, and its performance so far has been driven more by the sector's dynamics than by its own merits, the actual growth potential is difficult to predict.

However, the stock *has* grown 17% since mid-September, and if it's going towards the peak it fell from, you might be able to capture almost 90% in gains by buying now. The valuation does not support such capital-appreciation potential, but the sector's momentum might be enough to propel the stock to new heights, just like it pushed the stock down to its current depths.

Dye & Durham

Dye & Durham (TSX:DND) offers a mission-critical software solution to the real estate, finance, and legal industry and the business sector. Over the years, the company has created a strong portfolio of clients, which includes four of the Big Five banks, major credit unions, and most of the largest law firms in Canada. This makes it a stable and vital player in its niche.

The company itself is pretty old, but the stock is new, and it's currently trading at a far better valuation than the other two stocks on this list.

And even though it started growing in the middle of the second half of September, the stock has gained the most — almost 36%. It has leveled out for now, but if the sector starts to move in the right direction, Dye & Durham might be one of the first stocks you should consider buying.

Foolish takeaway

The tech bear market has gone on for long enough, and it's high time it starts recovering. Even if segments of the tech sector, like the e-commerce businesses, do not join the recovery journey, there are plenty of companies that are ripe for an organic or market-driven bullish phase.

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Author
adamothman