



## Is Enghouse Systems (TSX:ENGH) a Buy Right Now?

### Description

In impressive fashion, the **S&P/TSX Composite Index** jumped more than 5% in January. While it still may be early after a loss-filled year in 2022, it's a warm welcome to see the market coming out of the gates swinging this year.

As a long-term investor myself, I'm keeping my expectations in check. I'm as bullish as the next Canadian investor, but I'm not oblivious to the fact that interest rates and inflation remain far higher than pre-pandemic levels. In addition, a recession may be around the corner or has perhaps already begun but we just can't confirm it yet.

With all that said, good luck to anyone trying to predict short-term movements in the stock market today. If 2022 taught me one thing, it's the importance of keeping a long-term mindset and acting rationally during irrational market periods, which there were no shortage of last year.

### Is it the time to be tech stocks?

The [tech sector](#) was among the most beaten-down areas of the Canadian stock market last year. In 2023, it's been one of the main drivers of the market's positive performance year to date. Plenty of tech stocks on the [TSX](#) managed to deliver double-digit returns in January. However, many of those are still trading far below all-time highs.

In the short term, I'd argue that investing in growth stocks, particularly in the tech sector, would be a risky proposition. The market is far too unpredictable and volatile for me to feel comfortable making short-term bets. In the long term, however, there are loads of opportunities on the TSX.

Here's one under-the-radar tech stock that I've got at the top of my watch list right now.

### Enghouse Systems

At a market cap of less than \$3 billion, **Enghouse Systems** ([TSX:ENGH](#)) doesn't receive as much media attention as some of its larger tech peers. And with shares still way below all-time highs, now

could be a wise time to start a position in this tech stock.

Enghouse Systems is a software provider that specializes in customer interaction solutions. Remote work technology, customer communications, video collaboration, you name it. If there's a type of communication happening, Enghouse Systems is likely able to help support it.

## Why I'm bullish

Demand for virtual communication technology unsurprisingly skyrocketed in the early days of the pandemic. As a result, shares of Enghouse Systems were at one point up more than 100% in 2020. Since that 2020 high, though, shares have been trending steadily downwards.

We've witnessed this type of scenario with many tech stocks since early 2020. After getting crushed in early 2020, an unbelievable and short-lived bull run began, which was then followed by a gradual decline as prices came back down to reality.

Enghouse Systems has had a rough go since mid-2020, but the tech stock has loads of growth potential in front of it. Even with the recent selloff, shares are just about on par with the Canadian market's returns over the past five years.

With the demand for virtual communication technology looking bright for the coming decades, investors with long-term time horizons would be wise to have this under-the-radar tech stock on the radar.

### CATEGORY

1. Investing
2. Tech Stocks

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1. kduncombe
2. ndobroruka

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**Author**

ndobroruka

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