



3 TSX Tech Stocks That Are Trading at a 20% Discount

Description

Tech stocks led the way to a positive gain in the Canadian stock market in 2021. Valuations are creeping up, but I believe the growth won't be slowing down this year.

While I agree valuations are getting stretched, that's not enough of a reason for a long-term investor like me to not pick up shares of a [market-leading tech stock](#).

I'd also argue that some of these high-priced tech companies will be trading at these valuations for many more years. If you're waiting for a top growth stock to be considered cheap, you may be waiting a while.

I've put together a list of three top tech stocks that are trading at a very opportunistic discount right now. Shares might not be cheap from a valuation perspective, but if you're able to stomach the volatility, these are three companies that can provide investors with a great opportunity to [outperform the Canadian market](#) over the long term.

Dye & Durham

Dye & Durham ([TSX:DND](#)) is the youngest publicly traded company of the three tech stocks. The software company joined the public market in July 2020.

This tech stock has carved out a very interesting niche for itself. Its cloud-based software is used by its clients to store and access public records. The company's main clients consist of law firms, but it also supports financial and government institutions.

In just over half a year, shares of Dye and Durham are up more than 150%. What makes the tech stock enticing for me is that it's trading today close to 25% below all-time highs. If you were waiting on the sidelines to start a position, now would be the time.

Investors will need to pay up to own shares of this tech stock. It's currently trading at a price-to-sales (P/S) ratio above 30.

Docebo

Sticking with cloud-based tech stocks, **Docebo** ([TSX:DCBO](#))([NASDAQ:DCBO](#)) is the second high-growth tech company on my watchlist.

Docebo is also relatively new to the public market. It's been trading on the **TSX** since October 2019. Since then, shares are up a very impressive 350%.

Also similar to Dye and Durham, Docebo shares are trading at a rare discount today. The tech stock has done almost nothing but go up since becoming a public company. But over the last month, shares have slid down 20% from all-time highs.

The company builds cloud-based learning and training platforms for both remote and in-house employees. The software is powered by artificial intelligence with the goal of personalizing the learning experience for each user. With the massive rise in remote work in 2020, it's not a surprise to see shares up big over the last 12 months.

A gain of more than 300% is less than two years will cost you, though. The tech stock is trading at a P/S ratio of almost 40 today.

Enghouse Systems

Enghouse Systems ([TSX:ENGH](#)), the last tech stock on my list, is another software company that's trading 20% below all-time highs.

One difference with this tech stock is that it's been a publicly traded company for more than two decades. Since 1998, shares are up close to 1,500%.

Growth may be slowing, but the tech stock is still largely outpacing the returns of the Canadian market. Over the past five years, shares of Enghouse Systems are up more than 100%. In comparison, the **S&P/TSX Composite Index** is up not even 40%.

Another area that Enghouse Systems differs from the two other tech stocks I've covered is valuation. This company is actually profitable and trades at a very reasonable P/S ratio of below 10 today.

If you're looking for a market-beating tech stock that won't cost you a fortune, Enghouse Systems is the company you're looking for.

CATEGORY

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TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. TSX:DCBO (Docebo Inc.)
3. TSX:DND (Dye & Durham Limited)
4. TSX:ENGH (Enghouse Systems Ltd.)

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