



3 Top TSX Tech Stocks to Buy in November 2020

Description

Technology has been one of the strongest industries throughout the COVID-19 pandemic this year. While most companies took a substantial hit starting in the last week of March, many tech stocks have come roaring back over the past seven months and are now trading at all-time highs.

Of course, not all tech stocks have outperformed the Canadian market this year. But as the pandemic has forced temporary closures on many brick-and-mortar businesses across the country, the importance of having an e-commerce offering has skyrocketed. This partly explains why e-commerce businesses like **Shopify** and **Lightspeed POS** have been on incredible bull runs over the past seven months.

Canadian tech favourites Shopify and Lightspeed POS have been receiving a lot of attention for their recent performance, but there are many other tech stocks that deserve attention, too.

For Canadian investors looking to add a tech stock to their portfolio, I've covered three companies that have each crushed the returns of the Canadian market year to date and over the past decade. They might not be considered value stocks at these valuations, but they are all trading at a price-to-sales (P/S) ratios lower than what Shopify and Lightspeed POS are trading at today.

Constellation Software

Of the three stocks, **Constellation Software** ([TSX:CSU](#)) might be the weakest performer on the year, but few TSX companies have outperformed this tech stock over the past decade.

Year to date, the stock has grown close to 10%. Over the past decade, it's close to a 30-bagger — not too bad considering the **S&P/TSX Composite Index** is up less than 50%.

Grow has slowed as of late — no question there. The stock is up just 150% over the past five years, so it's likely the company won't be another 30-bagger over the next decade. But will the company continue to outperform the market over the next 10 years? I certainly believe so.

The stock trades today at a P/S ratio just below 10. It might not be a value stock, but there are plenty of high-flying tech stocks trading with valuations far higher than this.

If you're looking for a more mature tech stock that is reasonably priced but still has the potential to [outperform the Canadian market](#), this is the stock you're looking for.

Enghouse Systems

Enghouse Systems ([TSX:ENGH](#)) is another Canadian tech powerhouse that might not be familiar with many Canadian investors. The company specializes in providing enterprise-level software solutions to a wide range of different industries, which might explain its lack of media attention.

Similar to Constellation Software, Enghouse Systems has seen growth slow over the past five years. The stock is up 125% over the past five years and up close to 1,500% over the past decade. Not to mention the tech stock is up more than 30% year to date.

Growth might be slowing, but it has easily [outpaced the Canadian market](#) over the past five- and 10-year periods.

Trading today at a P/S ratio below 10, Enghouse Systems is far cheaper than the likes of Shopify and Lightspeed POS.

Kinaxis

To round out my list of three top TSX tech stocks, I've included another company that might not be a household name among most Canadian investors.

Kinaxis ([TSX:KXS](#)) provides cloud-based subscription software for supply chain operations across the globe. The software is designed to manage the entire supply chain management process, which includes supply and demand planning, inventory management, order fulfillment, and capacity planning.

Since the company joined the public market six years ago, the tech stock has grown more than 1,500%. Over the past five years, it's up more than 350% and is up 100% since the beginning of this year alone.

Trading at a P/S ratio of 25, you'll need to pay a premium to own a tech stock with this kind of growth potential.

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2. TSX:ENGH (Enghouse Systems Ltd.)
3. TSX:KXS (Kinaxis Inc.)

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