2 Top Tech Stocks to Buy Right Now for Superior Returns

Description

The **S&P/TSX Composite Index** may be up 5% this year, but not all companies are trading at all-time highs right now. The tech sector, in particular, has been going through a steep sell-off over the past few weeks.

If you're looking to pick up a couple of beaten-down tech stocks, now would be a good time. Canadian investors can find plenty of top tech companies with market-beating track records trading at discounted prices right now.

For investors looking for superior returns, I've covered two tech stocks that are ready to rebound. Both companies have hit a rough patch as of late, which makes this an excellent time to be a buyer if you're a long-term investor.

Tech stock #1: Kinaxis

Shares of **Kinaxis** (TSX:KXS) have hit a rough patch as of late. Since February 1 of this year, shares are down nearly 30%. But even with the recent drop, shares are still up more than 250% over the past five years.

Kinaxis is in the business of providing technology for supply chain operations. The tech company's cloud-based subscription software helps its global customers in all aspects of the supply chain planning process.

The $3 billion tech stock reported earnings last week. Even after reporting strong quarterly and yearly growth numbers, the stock sold off more than 10% within the day of its earnings release.

SaaS revenue, which makes up close to 80% of the company's revenue, grew 25% year over year. For 2021, management is guiding for SaaS revenue growth to be in the range of 17-20%.

Revenue growth is slowing, but I certainly don't think it warranted a sell-off like that. Kinaxis is still putting up double-digit growth numbers, so I don't think shareholders will need to wait long for the market-beating growth to return.

Tech stock #2: Enghouse Systems

Shares of **Enghouse Systems** (TSX:ENGH) are also down 30%, but it's been a much more gradual decline for this tech stock. The company's all-time high was set in early July of last year. Since then, shares have been trending slowly downwards.

This tech stock is also no stranger to delivering market-beating growth to its shareholders. Even with a 30% decline over the past seven months, shares are still up 130% over the past five years. That's good enough for more than two times the growth of the **S&P/TSX Composite Index.**

Like Kinaxis, Enghouse Systems is also a software company. The tech stock provides enterprise-level software solutions to its customers across the globe. Remote work, visual computing, and telecommunications are three areas that Enghouse Systems specializes in.

Where this tech stock differs from Kinaxis is in its acquisition strategy. Enghouse Systems has an aggressive acquisition strategy that focuses on buying smaller tech companies all across the globe. Typically, the acquired companies range in revenue between $5 million and $50 million.

Enghouse Systems is set to report its fiscal 2021 Q1 earnings this Friday before the market opens.

Foolish bottom line

Investing in companies while they're trending downward is not always the easiest thing to do. But if the stock is dropping because of a larger market-sell-off, and the business has not fundamentally changed, it could be a wise time to be buying shares.

Both of these tech stocks are trading nearly 30% below all-time highs right now. It may take some time, but I don't think either company will have trouble getting back on track to delivering market-beating growth to shareholders.

If you were thinking about adding shares of either tech stock to your portfolio, I'd do it before it's too late. It won't take long before these companies are back to setting new all-time highs.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

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TICKERS GLOBAL

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

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