



## 3 Tech Stocks Worth Buying in 2019

### Description

Tech stocks have been leading the market for several years.

From trillion-dollar companies like **Apple Inc.** and **Microsoft Corporation** to data giants like **Alphabet Inc** and **Facebook, Inc.**, going big has been a winning strategy. Numerous smaller companies, however, have just as much promise.

You'll likely know some of the companies on this list, while others may be new. But all of them look to have strong finishes in 2019.

### Shopify Inc ([TSX:SHOP](#))([NYSE:SHOP](#))

By far the most popular stock on this list, Shopify currently sports a \$40 billion market cap. A few years ago, the company was worth just a few billion dollars.

The world's leading provider of e-commerce solutions for digital entrepreneurs, Shopify has redefined what it means to be an online merchant.

In minutes, anyone in the world can build a beautiful web storefront with seamlessly integrated inventory management and payment processing. Plug-ins allow users to automatically execute fulfillment, packaging, and delivery needs.

What used to take a team of dozens of people—not to mention hundreds of thousands of dollars—now takes just one person sitting at their computer.

With the leading platform in a rapidly growing market, Shopify has taken market share nearly every quarter. Now trading at 25 times sales, shares are wildly expensive. Yet, again and again, Shopify has proven that it's worth the premium valuation.

## Constellation Software Inc. ([TSX:CSU](#))

Perhaps the least-known stock on this list, Constellation Software flies under the radar on purpose. As I [wrote](#) previously, the company needs to ensure secrecy to reduce competition for potential deals.

Constellation Software's business is particularly hyper-focused.

While larger peers like Microsoft focus on applications that appeal to a huge number of people, Constellation Software has revenue streams that span just a handful of customers. Its entire business strategy relies on offering niche software for incredibly specific industries or markets.

Offering mission critical software for niche industries has resulted in high profit margins and impressive contract renewal rates.

In order to grow, Constellation Software frequently acquires small competitors, sometimes for as little as \$5 million. It then plugs this acquisition into its massive network, multiplying its value several fold overnight.

Despite rising more than 6,000% over the past decade, Constellation Software remains a market secret. To reduce others emulating its model, the company likely prefers to stay hidden.

The stock seems pricey at 50 times trailing earnings, but the free cash flow this business generates is enormous over the lifetime value of a contract.

## TMX Group ([TSX:X](#))

You've heard of TMX Group even if you think you haven't. The company runs the **Toronto Stock Exchange**, the ninth-largest stock exchange in the world.

TMX Group is the cheapest stock on this list in terms of valuation. According to many metrics, it trades at a cheaper valuation than the **S&P/TSX Composite Index**. However, this stock is no slouch.

Since 2006, TMX Group shares are up more than 90% versus a 40% gain for the TSX overall. Compared to many of its peers, this stock looks like a bargain.

While TMX Group stock trades at 18 times trailing earnings, larger peers like **Intercontinental Exchange Inc** and **Nasdaq Inc** trade at 23 to 29 times trailing earnings. Yet, TMX Group has the highest dividend yield and arguably the tightest stranglehold on its domestic market.

The entire stock exchange industry continues to experience rapid consolidation, and due to its discounted price, don't be surprised if TMX Group is bought out by the aforementioned rivals this year.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:SHOP (Shopify Inc.)
4. TSX:X (TMX Group)

## **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## **Category**

1. Investing
2. Tech Stocks

## **Date**

2025/08/24

## **Date Created**

2019/05/21

## **Author**

rvanzo

default watermark

default watermark