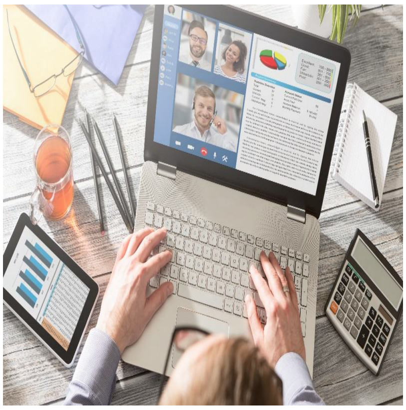

3 TSX Tech Stocks to Buy After They Surrendered Some of Their Gains

Description

TSX-listed tech stocks outperformed the broader markets in 2020, with most of them delivering robust returns so far this year. However, in the recent past, profit booking and focus shift towards companies that could recover fast in a post-pandemic world have led to a pullback in tech stocks.

Shares of almost all tech companies surrendered some of their gains, and a few are looking attractive at the current levels. We'll focus on three tech stocks that have retraced from their peak and have the potential to deliver outsized gains over time.

Real Matters

Shares of **Real Matters** (TSX:REAL) are up over 105% year to date, as the company's tech-based platform witnessed increased volumes owing to the surge in mortgage refinancing activities amid lower interest rates.

Thanks to the stellar demand, Real Matters reported consolidated adjusted EBITDA of US$20.9 in Q3, which more than doubled from the prior-year period. Meanwhile, adjusted EBITDA margin expanded significantly, reflecting higher closings and mix shift toward higher-margin U.S. title operations.

However, Real Matters stock has corrected by over 23% from its 52-week high of $33.01. The decline offers a good buying opportunity for investors with a medium- to the longer-term investment horizon.

Real Matters could continue to benefit from the lower interest rate environment. The demand for mortgage refinancing in the U.S. is likely to sustain and should drive Real Matters's revenues and adjusted EBITDA. Besides favourable industry trends, Real Matters stock could continue to benefit from its large blue-chip client base, high client retention rate, and large addressable market.

Dye & Durham

Shares of **Dye & Durham** (TSX:DND) soared significantly from its IPO price of $7. However, the shares of legal technology company dropped about 25% from its 52-week high of $28.68, as the temporary closure of courthouses due to the pandemic took a toll on its revenues and EBITDA.

Thanks to the reopening of the economy, Dye & Durham bounced back strongly and reported stark sequential improvement in its sales and adjusted EBITDA during the recently concluded first quarter of fiscal 2021. Dye & Durham expects momentum across its product lines to sustain in the coming quarters and forecasts revenue growth of about 64% in the second quarter of fiscal 2021.

Meanwhile, the company's strong fundamentals position it well to deliver double-digit sales and EBITDA growth over the next several years. Dye & Durham's ability to acquire and integrate fast-growing companies, broadening customer base, and extension of its platform augur well for growth and should support the upside in its stock.

Kinaxis

Kinaxis (TSX:KXS) has been a consistent performer and has generated multi-fold returns for its investors over the past several years. While its stock is up about 67% year to date, it has declined by about 26% from its 52-week high of $224.98.

The retracement presents an excellent opportunity to go long on Kinaxis stock. Kinaxis continues to benefit from sustain demand for its supply-chain software and solutions as reflected through its growing customer base and strong order backlog.

While Kinaxis's base business remains strong, its acquisition of Rubikloud is likely to further accelerate its growth rate by expanding its reach into the enterprise retail industry. Meanwhile, the growing share of the recurring revenue base, higher client retention rate, and expansion through accretive acquisitions position it well to deliver outsized growth over the next decade.

CATEGORY

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