



1 Top Canadian Tech Play Growth Investors Should Buy Today

Description

TMX Group ([TSX:X](#)) has been on my radar for quite some time as far as [growth plays](#) are concerned. After all, this tech stock has provided investors with a great deal of stability in the past few years. Indeed, this company has delivered a strong performance throughout the pandemic. And I believe that this company is well positioned to generate substantial returns for investors over the long term.

Here's why.

Strong earnings in the latest quarter

The operator of the **TSX** recently revealed its earnings for Q1 2021. It recorded revenue worth approximately \$252 million, which represents a 14% increase. Furthermore, its net income surged 40% on a year-over-year basis to roughly \$96 million during the first three months of this year. Furthermore, the Toronto-based company increased its quarterly dividend by 10% to \$0.77 per share.

Indeed, TMX Group's diversified revenue stream has been instrumental in delivering such numbers in the latest quarter. As per CEO John McKenzie, this company's strong capital markets activity has made significant contributions. Apart from a 50% leap in trading volumes, it includes a 122% increase in financing dollars raised by issuers on the TSX as well as the TSX Venture Exchange.

Between January and April 2021, there were over 65 new Initial Public Offerings (IPOs) on the TSX, representing a 39% year-over-year increase. Furthermore, nearly 90 new issuers listed during that period, which included an abundance of Bitcoin and Ether ETFs. Indeed, this momentum in capital markets activity is likely to continue into Q2 2021. Indeed, a number of new companies are expected to launch their IPOs in the next few months.

New acquisition bullish for investors

TMX Group has announced the takeover of **Tradesignal GmbH**. It's a Germany-based software company that engages in the provision of algorithmic solutions to energy traders. This new acquisition

will undoubtedly be beneficial to TMX's European business, Trayport, which recorded an 11% increase in revenue for Q1 2021.

Mr. McKenzie has revealed that the company is considering increasing its data analytics capacity. Hence, it appears that more acquisitions might be on the horizon. Indeed, this is bullish for TMX as more takeovers will further strengthen its top line.

Bottom line

TMX stock has a valuation multiple of roughly 25 times earnings and trades at around \$132 at the time of writing. Accordingly, it seems to be a bargain right now given the quality of its business. Moreover, its excellent fundamentals, robust business model and clean balance sheet certainly make this stock an excellent option for growth investors today.

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1. Investing
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