



3 Growth Stocks I'd Buy With a \$55,000 Inheritance

Description

It happens all the time. Someone casually mentions at the coffee shop, the locker room, or the office that they just received a small inheritance and don't know what to do with the money.

Of course, the first priority is to pay off the credit cards, the car loan, and the line of credit. If you own a house, the rest should go into paying off the mortgage.

Not everyone owns a house or a car. Some people even use the credit card for points, not credit.

A big windfall is the perfect opportunity to play with the big boys and enjoy some of the gains that are usually reserved for rich folks who have the cash to invest in Canada's best growth stocks.

Here's why I would invest a \$55,000 inheritance in **Constellation Software Inc.** ([TSX: CSU](#)), **Valeant Pharmaceuticals International Inc.** (TSX: VRX)(NYSE: VRX) , and **Canadian National Railway Company** ([TSX: CNR](#))([NYSE: CNI](#)).

Constellation Software Inc.

Founded by Mark Leonard nearly 20 years ago, Constellation buys vertical market software businesses that have niche products designed for government and private-sector clients. The Constellation team then uses its expertise to help the acquired companies reach their full potential.

The formula has been extremely successful. In fact, investors in Constellation have stars in their eyes. The stock price has increased more than 700% in the past five years and the company pays a dividend of \$4.20 per share.

At a price of \$295.00 per share, you need \$29,500 to buy a position in Constellation Software.

Valeant Pharmaceuticals

It's a surprise to many people when you tell them that Canada is home to one of the world's fastest-growing pharmaceutical companies. In the past four years, Valeant's CEO, Michael Pearson, has been

on a rampant buying spree.

With more than 15 acquisitions under his belt since the merger with Biovail in 2010, Pearson has set his sights on **Allergan** (NYSE: AGN), the maker of Botox. The deal is worth a massive \$50 billion and is being pursued as a joint bid with Bill Ackman's Pershing Square Capital Management.

Pearson's ambitious strategy has paid off handsomely. The stock is up more than 850% in the past five years.

The battle for Allergan is ugly and some investors are sitting on the sidelines until there is more clarity on whether or not the deal will get done. Once all the chest thumping is finished, I suspect Valeant will succeed, and the stock should continue to run higher.

At \$145.00 per share, you need \$14,500 to start your investment in Valeant.

Canadian National Railway Company

You might not think this would be a growth pick, but the story at Canadian National Railway is exactly that. The North American oil and gas renaissance has been a huge boon for Canadian National. The company is helping Western Canadian oil producers bypass pipeline bottlenecks by transporting insane amounts of crude oil to higher-priced markets. The shale boom is also turning out to be a fantastic growth opportunity as hydraulic fracturing requires massive amounts of sand, and Canadian National delivers a lot of it.

Another huge area of growth is the North American intermodal transport industry. Trucking companies have traditionally dominated the market for long-haul container transport, but higher fuel costs and tighter driving regulations are allowing Canadian National to win a bigger piece of the business.

Shareholders just cheered another quarter of record earnings and cash flow. Canadian National Railway's stock has increased 150% in the past five years and is well positioned to continue delivering big gains.

Canadian National Railway trades at \$75.00 per share. To get into the game you need \$7,500.

All in, it will cost \$51,500 to buy 100 shares each of Constellation Software, Valeant Pharmaceuticals, and Canadian National Railway. Take the remaining \$3,500 and put it toward a nice holiday to reward yourself for making a smart investment.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BHC (Bausch Health Companies Inc.)
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5. TSX:CSU (Constellation Software Inc.)

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