



Millennials: These 2 Charts Could Change Your Life

Description

In a world where university is more expensive than ever and housing costs in Canada's major cities are through the roof, it's easy to see why folks just starting out aren't prioritizing their retirement savings.

But this is a massive mistake. Compound interest tells us the sooner you get started saving, the better. If you start a savings plan just a few years earlier than originally planned, it can make a normal retirement into an extravagant one. Who wouldn't like to have extra cash around to spoil the grandkids?

Saving money is just the first step. Next, millennials have to overcome their fears of the stock market and put their cash to work in some of Canada's best companies. So-called high-interest savings accounts pay a whopping 2% a year, while stocks compound 8-10% a year on average. Sure, not every year is a winner, but overall there's no better place to put your hard-earned money.

Let's take a closer look at the long-term performance of two of Canada's top stocks. You won't believe how much each would have grown your money.

Constellation Software

Constellation Software ([TSX:CSU](#)) has quietly grown from a small-cap company to a behemoth. Thanks to a flurry of acquisitions over the last decade, the company now has a market cap of nearly \$20 billion.

The business model is simple, at least on the surface. Constellation identifies a software company that dominates a niche market. The company is then acquired. Constellation can squeeze out even more profits because its size lets it be more efficient. It's a win-win situation, especially for investors.

Mark Leonard, Constellation's president and chairman, founded the company back in 1995. He's regularly listed as one of Canada's best CEOs. Leonard isn't shy to make deals, but at the same time he won't put shareholders' cash into something overvalued. That discipline is what separates the company from less successful imitators.

Here's how Constellation shares have performed since its 2006 IPO. This chart is simply amazing.



Let me put it another way: \$1 invested on Constellation's IPO day is worth approximately \$55 today. Can you really afford to miss out on a return like that?

Alimentation Couche-Tard

One of the amazing things about Constellation is there's nothing sexy about it. The company isn't inventing anything. It just goes to prove you don't need some remarkable technological breakthrough to make serious returns.

Alimentation Couche-Tard (TSX:ATD.B) is a similar story. The convenience store chain has come a long way since it was a single location in Quebec. Thanks to a series of bigger and bigger acquisitions, the company now has some 16,000 different stores located everywhere from Canada to the United States to Europe to Asia.

That might seem like a lot of stores, but there's still plenty of growth potential left. Couche-Tard has only about a quarter as many locations as 7-11, the worldwide leader in convenience stores.

Couche-Tard's management team have shown themselves to be savvy capital allocators. They have a boots-on-the-ground approach before making a deal, visiting stores to see what a prospective acquisition does well and what can be improved. Once a deal is struck, the new priority becomes paying off debt. The balance sheet improves and the whole process repeats itself.

While Couche-Tard's long-term stock chart isn't quite as impressive as Constellation Software's, a \$1 investment in the company made back in 2003 is worth approximately \$24 today. No investor I know

would scoff at those returns.



The bottom line

Not every stock will perform as well as Constellation Software or Alimentation Couche-Tard. Unfortunately, investing isn't that easy. But you'll never get the chance to invest in something like those two companies if your capital is sitting in some savings account.

Do your future self a favour and start investing in great stocks today.

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