



Buy This 1 Stock to Turn \$26,100 Into a \$1 Million TFSA Pension Fund

Description

I am a big fan of the F.I.R.E movement that is taking hold in many parts of Europe and North America. For the uninitiated, F.I.R.E stands for “financial independence, retire early.”

It’s a catchy acronym that underlines a deep desire among many of us to have more freedom, more time to ourselves. and more room to explore our world in an unshackled sort of way.

For the most part, it is an unattainable dream for most of us that are usually living paycheque to paycheque and drowning in mortgages and other debt. However, there is one easy way to make your F.I.R.E dreams come true, which is to invest early on in fantastic growth stocks and ride that momentum into the golden sunset, *quite literally*.

Canada doesn’t seem to be blessed with too many of these ultra-high-growth stocks unless you are willing to take on excessive amounts of risk. However, there are a few that have stood the test of time and proven to be long-term ultra-growth stocks.

I have previously written about one of those stocks, **Alimentation Couche-Tard**, which I admire a lot for its consistency and [fearless global growth strategy](#). But believe it or not, I have an even more compelling growth story to talk about today.

Software is the future

The growth story I am talking is **Constellation Software Inc** ([TSX:CSU](#)), a leading provider of software and services to public and private sector markets. The company specializes in acquiring and building industry-specific software businesses that provide specialized, mission-critical software solutions that address particular customer needs.

With over 125,000 customers in more than 100 countries and a proven track record of growth, the company has established a superb portfolio of software businesses to provide its customers and shareholders with exceptional returns.

Yes, exceptional returns are exactly what has been delivered to shareholders who were smart enough to get into the stock in January 2015, when the stock was not as well known as it is now. In those days, the stock price was around \$340 per share and since then it has skyrocketed to around \$1,440. This mind-blowing stock price growth translates to an annual stock price growth rate of 33%.

I realize that the company is now at a \$31 billion market capitalization, which means the days of 33% growth are likely behind it. However, its ambition burns as bright as ever and its strategy of continuous growth by acquisition should deliver annual returns around the 20% range for the foreseeable future.

So, let's do some simple math to see if getting into the stock at these lofty stock price levels would be smart or not. For this exercise, we will take an amount of \$26,100, which a lot of folks I know have in their TFSA account as their balance.

We will now invest this amount in Constellation stock at today's stock price and fully expect the stock price to grow at an annual growth rate of 20%, compounded for a period of 20 years.

It is no surprise that this high-growth compounded over the long term translates that modest \$26,100 investment into a monster million-dollar TFSA retirement nest egg.

Investor takeaway

The latest Q3 2019 results show that the company continues to grow and churn cash flow, which I love. Cash flow from operations was \$163 million, an increase of 14% compared to \$143 million for Q3 2018 and free cash flow was \$134 million compared to \$112 million for Q3 2018, representing an increase of 20%.

The company is a high-growth free cash flow machine, which means it has the ability to become a [high dividend payer](#) in a few years. Just add that to the high double-digit stock price growth and smart investors have a stellar opportunity to get that million-dollar TFSA nest egg with a very modest investment right now.

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1. Investing
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3. Top TSX Stocks

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)

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Date

2025/08/17

Date Created

2019/11/30

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