



Have \$5,000? Buy This Legendary Stock Right Now

Description

It doesn't take much to build a [fortune](#). In fact, you can do it with just \$5,000. All you need is the right stock.

Shares of one TSX company, for example, have risen by 7,000% since 2006. A \$5,000 investment would have become \$350,000 in less than 15 years. For comparison, if you put that money into the **S&P/TSX Composite Index**, your portfolio would be worth less than \$9,000.

Here's the good news: this stock isn't even close to finished. Due to its [niche](#) business model, shares should continue to beat the market for another decade or longer. If you have some money to invest, this tech company should top your buy list.

This stock is amazing

Constellation Software ([TSX:CSU](#)) is a magical company. It has a software portfolio with hundreds of products, yet you've likely never used *any* of them. If that's true, how does the company have a \$32 billion market cap?

Constellation focuses on business software, but it's not just any business software. Constellation specializes in digital products that automate mission-critical processes. Just as important, the company typically chooses niche industries to serve. The combination of niche and mission-critical products has made Constellation a multi-bagger stock.

For years, Constellation achieved return on invested capital between 30% and 40%. This is simply astounding. Few businesses ever reach this level of success. All of it has been fueled by its business strategy.

Niche software products, for example, have little competition. Hundreds of companies are working on video streaming apps, but very few build logistics software for timber companies. By going niche, Constellation can charge more, market less, and reduce competitive pressures.

Mission-critical software, meanwhile, is very difficult to replace. Whether the economy is booming or busting, companies need to deliver on their mission-critical processes. Even when money is tight, Constellation's software is the last budget item to be eliminated. And because these products are also niche, there usually isn't a cheaper alternative to switch to.

How to invest

Constellation isn't a stock that you want to time. Over the years, shares have been persistently cheap at *any* valuation. Even when shares are overpriced, the company grows so quickly that it's only a matter of time before the fundamentals catch up.

In the summer of 2015, for example, shares were priced at an all-time high of 80 times earnings. That was nearly twice its historical trading range. What if you bought shares regardless? You'd be sitting on a 250% gain.

Valuation matters, but when you're dealing with rapid-growth stocks, it's okay to overpay once in a while. Years down the line, it won't matter if you paid a 10-20% premium.

Will Constellation continue its impressive run? There's no reason to believe it won't.

The total addressable market is several times its current market cap. Its existing products and contracts are so high margin that cash flow will continue build without expanding its portfolio further. Of course, that won't be the case. Expect Constellation to make several acquisitions before the year is finished, adding fuel to its impressive organic growth rates.

Following the coronavirus correction, CSU stock now trades at 72 times earnings. This is a steep multiple, but if you're a buy-and-hold investor, don't blink twice.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)

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