



1 Tech Stock You Should Buy During the Next Market Crash

Description

The Canadian market may only be down 8% on the year, but it's been a wild ride for investors since mid-February. As of the last week of February, the **S&P/TSX Composite Index** dropped a record-setting 35% in just over one month.

The COVID-19 virus is largely to blame for the sudden plunge in the market. As the virus quickly spread across the globe, investors rushed to liquidate assets as the near-term future of many countries' economies braced for a serious downturn in economic activity.

The market did surge back up an equally impressive 40% in less than three months. It's hard to believe that even with a 40% run in not even three months that the market is still down close to 10% on the year.

Are we headed for another market crash?

Now that we're starting to see spikes again in COVID-19 cases in some parts of the world, investors are rightfully wondering if we're headed for another crash. Especially after a 40% run, the market surely needs to cool off at some point, right?

No one is able to predict movements in the stock market, not even investing gurus like Warren Buffett. What everyday investors like us *can* do, though, is be prepared for whatever direction the market does decide to move in.

I've reviewed a top technology stock that has had an incredible run since the market bottomed out on March 23. If we do end up witnessing another dramatic market crash in the near-term future, I'll seriously consider adding this stock to my portfolio.

Constellation Software

The \$35 billion company has seen its stock price gain more than 25% year to date. The tech company is now trading roughly \$20 below an all-time high, which was set last week.

Constellation Software ([TSX:CSU](#)) may not be a household name among Canadians, but that should not stop investors from buying shares of this tech stock. The company specializes in building vertical-specific software, often for very niche industries.

The tech company has significantly outperformed the Canadian market since it went public in 2006 and there's [no reason to believe it won't continue to do](#).

Growth through acquisitions

In addition to the company's organic growth, Constellation Software has implemented an [aggressive growth strategy](#) through acquisitions as well.

The tech company has typically acquired smaller-sized companies working in niche industries. As a result of the low competition in the niche industries, Constellation Software is often able to acquire companies at bargain prices.

If you're looking for details on the company's past acquisitions, you might not find all the information you're looking for. Constellation Software is known to be quite secretive when it comes to releasing information surrounding its acquisitions.

The company believes that maintaining a certain level of secrecy will help lower the overall competition, which in turn helps keeps the acquisition price down.

Foolish bottom line

Whether or not we are heading for a near-term market crash, I still believe Constellation Software is a buy today and will continue to outperform the market for many more years.

That said, I've been increasing my cash position over the past couple of months, waiting for a pullback to put that cash to work.

If we see another drop in the market as we did several months ago, Constellation Software is one tech stock that I'll definitely consider adding to my portfolio.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. constellation software
2. tech stocks
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1. TSX:CSU (Constellation Software Inc.)

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