



How Much Would You Have if You Invested \$6,000 in Your TFSA in These Companies?

Description

If you are interested in technology companies, you may have heard of FAMAG. This is an acronym used to identify the five biggest technology companies in the United States: **Facebook**, **Apple**, **Microsoft**, **Amazon**, and **Google**.

Did you know that a similar group of highly respected tech stocks exists in Canada? This group is known as DOCKS and is composed of **Descartes Systems Group**, **OpenText**, **Constellation Software** ([TSX:CSU](#)), **Kinaxis** ([TSX:KXS](#)), and **Shopify**.

These tech companies are known for their innovation and outstanding market-beating growth. I have previously written about [Shopify's incredible growth story](#), but how much would the other Canadian companies have rewarded you?

Focusing on Constellation and Kinaxis, I will detail how much your investment could be worth now if you had split your \$6,000 TFSA contribution room equally in the two companies.

An internationally renowned umbrella of subsidiaries

Constellation Software is a company that I have written about with high praise for a while now. The company focuses on acquiring great businesses it believes has the potential to become an excellent business. To do this, Constellation follows a very specific set of criteria.

First, it requires that company management be exceptional. This can be determined through the executive team's prior experience or decisions made while leading the current company. Next, the company needs to show that it has been constantly profitable.

Finally, there needs to be evidence of above average growth. Once a company is acquired, Constellation will provide the coaching and resources necessary to help the company reach the next level.

This business model has proven well for Constellation over the past two decades. It has shown excellent revenue growth, which is reflected in its stock price. Over the past five years, Constellation stock has increased 192%. Year to date, there has been a 26.62% increase in Constellation's stock price, which means that an investment of \$3,000 at the start of the year would be worth \$3,798.60 today.

A leader in supply chain management software

Kinaxis is a [company which develops software](#) that can help companies streamline their supply chain management, sales, and operations. Notable companies that rely on software provided by Kinaxis are **First Solar**, **Ford**, and **Unilever**.

Looking ahead, Kinaxis appears to be in a good position moving forward. The company currently boasts a net revenue dollar retention of greater than 100%. This means, that on average, each customer is spending more on Kinaxis products year over year. Recurring revenue is also a very important thing to consider, and Kinaxis reported 65% growth in new customer subscriptions year over year, and 35% growth in existing customers.

Like Constellation, Kinaxis has shown incredible growth over the past five years. In fact, its growth is among the best in the world over that time, having increased 624%. Since the start of the year, Kinaxis stock has shown blistering growth, increasing 101.72%. This means an investment of \$3,000 at the beginning of 2020 would be worth \$6,051.60 at the time of this writing.

Foolish takeaway

All added up, your \$6,000 investment could be worth \$9,850.20 now, for an average gain of 64.17%. This is incredible considering that the **S&P/TSX Composite Index** has seen a decrease of -7.16% over the same period.

Investing in tech companies can certainly be riskier than investing in the Big Five Banks or the consumer staples sector, but there are excellent opportunities to be had. Constellation and Kinaxis are amazing growth companies to consider at the moment.

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TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:KXS (Kinaxis Inc.)

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