



1 TSX Tech Stock You Can Buy and Hold for Decades

Description

Canadian investors witnessed a staggering drop of more than 35% in just over one month earlier this year. A similar drop occurred in markets across the globe, as the COVID-19 pandemic wreaked havoc on many countries' economies.

A steep drop in such a short amount of time can understandably cause a certain degree of stress to even the most seasoned investors. One time-tested trick to remaining calm during these market drops is to focus on the long-term objectives of why you are investing in the first place.

In technology stocks we trust

The **S&P/TSX Composite Index** has rebounded very impressively since the index hit the year's low on March 23. The index has rebounded by close to 50% since that last week of March. The broader market may have rebounded well, but not all industries have reacted the same to the damaging effects of the COVID-19 virus.

As interest rates have continued to drop throughout the year, bank stocks have experienced significant declines in profitability. This has led to many banks experiencing year-to-date returns lagging the market. The technology industry, however, has had a slightly different experience over the past six months than most of the major banks.

The temporary closure of many physical store locations across the country, including work offices, has dramatically increased the reliance of technology for both consumers and businesses. Consumers, somewhat effortlessly, adjusted by increasing e-commerce spending, while many employees ditched their long work commutes to set up new home offices.

I've reviewed a top TSX tech stock that is in a prime position to deliver market-beating returns for many decades to come. The company is a market leader with a strong competitive advantage and only stands to see market share increase as a result of the pandemic's effects on the market.

Enghouse Systems

Enghouse Systems ([TSX:ENGH](#)) has delivered growth of more than 1,500% to shareholders over the past decade. It may be a tall order to repeat these types of returns over the next 10 years, but the company is in a good position as any to outpace the Canadian market's returns.

The \$4 billion company is not a household name among Canadian investors, which may partly be due to its area of specialization. **Enghouse Systems** develops enterprise-level software solutions to clients across the world.

The company also specializes in two key areas, which are likely to see an uptick in demand due to the recent shift to a work-from-home culture, which includes visual computing and telecommunications networks.

The tech company has also aggressively reinvested a significant amount of profits back into the business through acquisitions. A core Enghouse Systems objective is to build a diverse portfolio of software enterprises, which explains the [list of strategic acquisitions](#) it has made over the years.

The company trades today at a forward price-to-earnings ratio of close to 50, so the stock is by no means cheap. But if you're [on the hunt for a growth stock](#) to outperform the Canadian market, this is one company that is worth paying a premium to own.

Foolish bottom line

There may be lots of uncertainty in the short-term future of the stock market, but for long-term investors, this should not cause any concern.

Enghouse Systems has delivered returns equal to more than 1,500% to shareholders over the past decade, and I'm betting it'll at least outperform the Canadian market over the next 10 years.

CATEGORY

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2. Tech Stocks

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