



## TFSA Investors: This Canadian Stock Was a 32-Bagger Over the Past 10 Years!

### Description

Many Canadian investors know about the Tax-Free Savings Account (TFSA). That said, there's still a good chunk of the investing public who aren't using it properly. As I pointed out in a recent article, far too many Canadians are using the TFSA as a place to hold cash. This fund ought to be used for growth investments to take advantage of tax-free capital gains.

In this context, I'm going to discuss one growth stock that has done nothing but provide [growth](#): **Constellation Software** ([TSX:CSU](#)). The company has returned 3200% over the past 10 years — an absolutely incredible feat! I think more growth is on the horizon, and the company is far from done.

### Growth has kept up with expectations

Constellation's more than decade-long run of outlandish growth is impressive in so many ways. Indeed, one of the things I think is most impressive is that the company's valuation has kept pace with its growth. In other words, unlike other technology companies that may never catch up to their valuation, Constellation's valuation has remained reasonable.

This is due to a growth-by-acquisition strategy which is best-in-class in the software sector in Canada. This company identifies undervalued small-cap companies with technologies that integrate well into Constellation's portfolio. The company then creates synergies and leverages its portfolio to generate incredible growth over time.

This is a winning long-term strategy, and the company's management team is one of the best in the world in this regard. Accordingly, investors would be remiss to ignore Constellation's growth potential, particularly in a TFSA vehicle.

### Fundamentals are some of the best in the sector

I would like to point out Constellation's return on shareholder equity: 50% (at the time of writing). I believe this number tells quite a bit of the story with respect to this stock. Constellation's "secret sauce"

is its ability to ramp up the returns on invested capital and equity over time.

This number is staggering, and reflects the incredible performance this company has historically had. There is absolutely nothing to indicate this growth can't continue over the long-run. Therefore, I remain a strong believer in this stock as a premier growth gem on the **TSX**.

## Acquisition potential bottomless

The great thing about Constellation's business model is that there is are an absolutely incredible number of acquisition targets out there. As I've pointed out in the past, it's estimated that there are 20,000 – 30,000 companies in the mix for potential acquisitions right now. That's an impressive smorgasbord to select from.

Constellation has only picked the best targets in the past, and there's no reason to believe that's not possible in the future. There's certainly no shortage of potential in this sector.

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