



Turn a \$6,000 TFSA Contribution Into +\$190,000 With This Top TSX Tech Stock

Description

As far as capital appreciation goes, **Constellation Software** ([TSX:CSU](#)) has been as consistent an investment as any over the past 10 years. This is a stock that has a proven track record of outperformance, with [returns of more than 3,200%](#) over the past 10 years. For those with a 10-year investing time horizon for their TFSA, similar performance over the next decade could net someone around \$185,000 in tax-free capital gains.

Of course, that's if history repeats itself. As we've seen with many growth companies, this hasn't been the case. That said, Constellation is about as consistent as it gets in this regard. Accordingly, I see no real reason why this performance cannot continue over the next decade. Indeed, this stock continues to be one of my top picks for TFSA investors.

It's all about shrewd acquisitions

Constellation's strategy of acquiring smaller software companies with core products that address important niche markets has been truly incredible. The company has grown to become a massive collection of integrated software solutions. Targeted and well-timed acquisitions of successful companies is the foundation of this amalgamation strategy.

I think a lot of the success Constellation has had is due in large part to the company's CEO Mark Leonard and his M&A team. Constellation has been able to acquire excellent cash flow-producing software businesses at reasonable prices. This is certainly not an easy task to accomplish in this day and age. Furthermore, integration within Constellation's portfolio also brings various synergies and growth opportunities for the acquired software companies. Accordingly, these investments tend to do much better under Constellation's portfolio than on their own.

I think the timing is right for more acquisitions to come over the next decade. The software sector continues to be extremely fragmented, with thousands of potential targets for Constellation to go after. Acquisition financing is very cheap, and Constellation has more than enough balance sheet room to ramp up its acquisition pace moving forward. This has the potential to accelerate cash flow growth that

continues to beat the TSX over the long term.

Bottom line

This is a company that has held its own in terms of growth in the software space in recent years. That goes both domestically and internationally. Mark Leonard has decided to never split this company's shares. The company's focus has been on building a loyal, long-term investor base. I think the long-term focus of this company and its strategic approach to consolidating a fragmented industry are very bullish for TFSA holders looking for an investment that should do well over a decade-long time horizon. Thus, I would highly recommend TFSA investors consider putting their 2020 TFSA contribution to work on this stock.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. growth
2. growth stocks
3. investing
4. market
5. tech stocks
6. tsx growth stocks
7. tsx tech stocks

default watermark

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Tech Stocks

Tags

1. growth

2. growth stocks
3. investing
4. market
5. tech stocks
6. tsx growth stocks
7. tsx tech stocks

Date

2025/09/28

Date Created

2021/01/16

Author

chrismacdonald

default watermark

default watermark