



Experts: Individual Stocks Don't Beat Treasury Bills

Description

Over the long term, the stock market has produced much better returns than any other asset class. However, at an individual scale, the story is different. Over their entire lifetimes, just 42% of stocks will provide better returns than U.S Treasury Bills. While this was the [topic of an article](#) published on **Reuters** in 2017, the sentiment still lingers among professional investors.

The article goes into detail about how a few stocks greatly skew the overall market's returns. When stocks are laid out equally, it becomes clear that Treasury Bills produce much better returns. One sentence that sticks out is "The 1,000 top performing stocks, less than four percent of the total, account for all of the wealth creation." With that in mind, should we be picking stocks?

If you're a devoted Motley Fool follower, then you already know the answer to that question. We believe that the individual investor *can* beat the market and we have the track record to prove it. Across our services, we keep track of every stock pick. While not all of them are winners, on average, we are beating the market by a long shot. The investors that have followed with us should be able to say the same.

In this article, I will discuss two companies that have been favourites among Fools. These two stocks have beat the market by a long shot. You should feel confident that they will continue to do so in the coming years.

Leading Canada into the next decade

One of the biggest wealth creators on the **TSX** today is **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). [Since its Initial Public Offering \(IPO\)](#), the stock has returned more than 4,500%! That is an average annual return of 99%. This means, on average, that your initial investment would have doubled every year you stayed in the market. A \$10,000 investment at this company's IPO would be worth \$516,000 today. In comparison, an investment of similar size in the **TSX** would only be worth \$12,000.

Shopify has seen much of its gains over the past two years. This can be attributed to the growth of the e-commerce space. Today, more than 1,000,000 merchants use Shopify to drive online shopping. The

COVID-19 pandemic has accelerated this industry's adoption and Shopify has remained ahead of its peers. This is a company that will continue to win as we move into the next decade.

One of the quietest compounders in the market

If you weren't an investor, there's a pretty big chance you might have never heard of **Constellation Software** ([TSX:CSU](#)). If you don't already have a position in this company, then you should take another look. The Constellation first went public in 2006, and since then the stock has gained more than 8,700%! Since 2007, this stock has returned nearly 40% on an annualized basis. Given that the TSX has gained about 2% annually since then, we'd say that's beating the market.

Constellation Software is a conglomerate, acquiring high end businesses with the hopes of helping them reach the next level. It has been so successful that a new wave of businesses has imitated its business. Today, you'll be able to find a large number of companies that operate in the same fashion. Constellation Software remains dedicated and focused on growth and should continue to beat the market in the coming years.

Foolish takeaways

While it is true that most stocks don't beat the market, it is possible to do so. We are strong believers of the retail investor being able to beat the market and to do it consistently. Stocks like Shopify and Constellation Software are living proof of that.

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