



Become a TFSA Millionaire With This Top TSX Stock

Description

Want to be a millionaire investing in stocks? It's best to do so in a Tax-Free Savings Account (TFSA). This incredible vehicle allows Canadian investors who were eligible at the time of inception to invest up to \$75,500 in stocks, with the growth on these investments untaxed.

Here's why I think **Constellation Software** ([TSX:CSU](#)) is the best option for TFSA investors today — at least, for those looking to turn \$75K into \$1 million. After all, that kind of return isn't easy to achieve.

Constellation's growth record speaks for itself

The fact that a \$75K investment in Constellation 10 years ago would be worth more than [\\$2 million today](#) speaks for itself. If Constellation provides investors with half the return it has over the past 10 years, becoming a TFSA millionaire looks to be feasible with a \$75K investment today.

This is a company with a proven growth-oriented business model. Constellation seeks out smaller software companies with attractive business models and acquires them. The company then creates synergies via integrating these smaller players into its portfolio and streamlining its operations. Constellation has a proven track record of creating impressive shareholder value with this business model.

This is reflected in Constellation's incredible return on equity metric of more than 50%. The company has an operating and net margin of 18% and 11%, respectively. Additionally, the company's forward looking price-to-earnings multiple sits at around 37 times right now. These fundamentals suggest Constellation is not overvalued. Rather, this company is well priced to reflect its long-term growth potential today.

Bottom line

Investors need to keep in mind that by some measures, stocks have never been more expensive today. Additionally, growth stocks have been driven up to levels many fundamental investors can't

understand right now. This leads us to a place where projecting out similar growth over the next 10 years is difficult.

Indeed, I think investors ought to be cautious today. That said, I think growth stocks like Constellation are probably the best picks for investors seeking growth in today's hyper-valued market. This is a company with a proven track record of success. Unlike other high-flying tech options with no underlying earnings, Constellation has done this before. Indeed, I think the company will continue to provide outsized growth over time.

Whether Constellation's valuation multiple remains as elevated as it is today remains to be seen. That said, I don't think this company is expensive relative to its growth prospects and its proven ability to generate the kind of long-term returns growth investors are looking for.

CATEGORY

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2. Tech Stocks

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TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)

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