



## How to Make \$1 Million Tax-Free

### Description

Looking to grow your [Tax-Free Savings Account \(TFSA\)](#) to seven figures? This article is definitely for you.

I've talked about the growth prospects of **Constellation Software** ([TSX:CSU](#)) in the past. However, putting this stock in the context of what a \$75,000 TFSA investment would be in 10 years. In the case of Constellation, the past 10 years have provided a return of around 3,000%! That would have turned a \$75,000 investment into more than \$2 million today.

Do I believe Constellation's growth is likely to continue over the long-term? Absolutely. Will the company's growth be as fast as in the past? Maybe not, but investors only need roughly half its historical growth rate to achieve their seven-figure target in 10 years.

### Growth catalysts remain strong for a number of reasons

Most investors know Constellation is a growth-by-acquisition play. The company has acquired many smaller software companies over the years. Constellation's value is in turning these companies into cash flow machines. Indeed, the company's return on invested capital and return on equity metrics are incredible. Constellation's track record is truly incredible in creating shareholder value via acquisitions.

Accordingly, the company's recent announcement it was considering cutting or eliminating its dividend could be a solid move for long-term investors. This dividend cut/elimination would be inclusive of the company's special dividend it has been paying out.

The reason? Constellation wants to be free to pursue larger deals.

If there's any management team out there investors should consider leaving their money with, it's Constellation Software. This is one of the best management teams in terms of executing a growth-by-acquisition strategy to perfection. Generally, I think keeping this cash in-house and pursuing more acquisitions is broadly bullish for this stock.

The more deals Constellation is able to do, the higher the growth rate. Its model is a proven one. The fact Constellation is pursuing larger deals is indicative to me of the belief in the management team's ability to grow shareholder returns in a bigger way long-term.

Indeed, the company's management team is working to provide as much growth as possible for investors. Given how oriented the market is right now toward growth, this is likely to create outperformance in the near-term. Over the longer-term, I think Constellation has the potential to repeat its growth trajectory. At the very least, this stock is highly likely to produce market-beating growth long-term.

## Bottom line

Those looking for massive capital appreciation in their TFSA can't do better than Constellation right now.

Indeed, Constellation's near, medium, and long-term future remains very bright. Accordingly, I would encourage investors looking for growth to consider this company as a core holding. Constellation's focus on doing bigger deals should be meaningful for long-term growth investors looking for a similar trajectory over the next 10 years.

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1. TSX:CSU (Constellation Software Inc.)

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