



If the Market Corrects in 2021, I'm Watching This Tech Stock Very Closely

Description

Constellation Software ([TSX:CSU](#)) is one of the best-performing investments on the Canadian stock market. You could have made millions by investing just a few thousand dollars.

It's fun to look at its historical performance, but what about the future? Is there still time for you to profit?

If the market tanks this year, it could be your opportunity to make a fortune.

Keep your eyes on this stock

Constellation runs one of the best businesses in Canada. The only issue is that few investors have even heard of this stock. That's because the company keeps a low profile. As you'll see, that's for a very good reason.

Before we get to how much money you can make with this stock, let's look at what the business actually does. As its name suggests, Constellation is a software company. The trick is that it focuses on very specific markets. It specializes in niche, mission-critical software. This focus is a big reason why shares have surged 9,000% since going public in 2006.

"Niche sounds like a bad place to be," I [explained](#) last year. "Wouldn't you rather focus on bigger opportunities? That, however, is where the competition is. If you stay niche, competition falls tremendously, providing better retention rates, lower selling costs, and better pricing power."

But Constellation doesn't just focus on niche markets. The other secret ingredient is that it sticks with software solutions that provide mission-critical services for customers.

"If you run a business and use a piece of software to automate a mission-critical process, is that really something you want to mess around with? This only compounds Constellation's pricing power and retention rates," I concluded.

So, there you have it. Constellation stock rose 90 times in value by sticking with two core principles.

Oh, but there's another secret ingredient you should know about.

The market ignores this stock, you shouldn't

The final secret ingredient to Constellation's success is literal secrecy. I'll let the company's founder and CEO explain why.

"For competitive reasons we are limiting the information that we disclose about our acquisition activity," founder Mark Leonard [wrote](#) in a previous investor letter. "We believe that sharing our tactics and best practices with a host of Constellation emulators is not in our best interest."

To grow, Constellation buys smaller competitors to augment its portfolio quickly. If the rest of the market knew what it was buying, acquisition prices would rise. That's bad for shareholders, so Constellation purposefully stays under the radar.

You can use this commitment to secrecy to your advantage during a market crash. This business isn't focused on short-term returns. It won't mind if shares fall temporarily due to investor ignorance. By understanding how the company works, however, you can capitalize by purchasing cheap stock.

Just note that Constellation shares *rarely* go on sale. They're consistently expensive from a valuation standpoint. The company has rightfully earned that premium. But if there's a correction that brings down valuations across the board, and Constellation stock is brought down too, be prepared to strike.

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Author

rvanzo

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