1 Growth Stock That You'll Regret Not Buying

Description

You probably regret not buying **Constellation Software** (TSX:CSU). Shares are nearly 10,000% higher since they started trading in 2006. A $10,000 investment would now be worth a cool $1 million. The good news is that you're not too late to profit from this growth.

You must move quickly

Great stocks are rarely cheap. They've earned their premiums with decades of proven success. Constellation stock surely deserves its current valuation, which is lofty at 7.2 times sales. That's slightly above its five-year average of 5.2 times sales.

To access hyper growth, you must get comfortable with paying for the opportunity. If the business truly is special, that expensive entry point will quickly look cheap in hindsight. That's been the case with CSU shares year after year. Investors look incredibly smart buying the stock, even at former highs.

Why must you move quickly? Because the growth of software stocks often exceeds our wildest expectations. The reasons for this are simple.

"Just think about how software companies grow. They simply send a download link to the new customer. Growth is instantaneous and virtually free," I recently explained. "Contrast that with a hardware business that needs to physically produce another product to grow. Growth is slow and costly."

If you want to hit stock market home runs, still with software businesses.

"Software and online-services companies can quickly become billion-dollar giants," stressed a prescient report from McKinsey, which adds that this growth can continue for much longer than most appreciate. "Our research revealed that higher growth rates portend sustained success," the report concluded.

Now is the time for growth

Many investors are waiting for a correction to buy into Constellation stock. If you have a long-term investing horizon, don't hesitate to pull the trigger right now. In fact, there's a chance shares *rise* during the next correction given the specifics of its business model.

Mark Leonard, a former venture capitalist, founded Constellation in 1995 when he identified a clear market opportunity. He noticed that there were thousands of small, niche software solutions targeting narrow industries. These solutions were very profitable, but the overall size of the specific opportunity was small, meaning they flew under the radar.

What Leonard did was create a company to roll up the industry, consolidating all of these smaller players into a larger conglomerate.

"A roll-up is exactly what it sounds like," I wrote last month. "It's when a company goes out and buys all of the competition, rolling the market into one entity. This works well when an industry is highly fragmented, providing a long runway for consolidation."

This strategy is why a market correction could actually augment growth over the long term. If market prices fall, Constellation can secure better acquisition prices, likely with less competition.

This isn't just a theory. Look at what happened during the financial crisis of 2008. Constellation stock *increased* in value that year, kicking off one of its best decades in history.

There aren't many opportunities to buy into growth stocks like this. There's a strong chance you'll regret not taking a position.

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