



Got \$1,000? This Stock Could Turn That Into \$90,000

## Description

Want to turn \$1,000 into \$90,000? It's possible with tech stocks like **Constellation Software** ([TSX:CSU](#)). We know it's possible because shares have already risen that much over the last 15 years.

There are two tricks that help you accumulate these incredible gains. First, stay patient. Even the highest-growth stocks take a few years to fully develop. Second, stick with tech stocks. In fact, go *even deeper* than that.

## Focus on these stocks

Most businesses aren't capable of producing 9,000% returns, even if you give them decades to do so. These are rare investments, so you need to stack the odds in your favour.

The best way to do this is by focusing on specific areas of the stock market that have proven capable of producing massive profits. Over the past decade or two, that meant sticking with tech stocks. That's a good place to start, but there's actually a segment of the tech industry that can grow much faster than the rest: software.

"Imagine a company that sells computer hardware," I recently [explained](#). "To book a sale, this company needs to convince customers that its computers are the best. Competition is fierce. Once a customer is convinced, the business then must physically produce another computer. That takes time and money. Finally, to book a repeat sale, the business needs to convince the customer to buy *yet another* computer."

The result is that hardware businesses have a natural upper limit to growth as it takes time and capital. Software stocks, however, don't have such hurdles.

"Customers simply need to click download," I stressed. "It's fast and free. And software is usually sold on a license basis, so repeat sales are booked automatically."

## Constellation shares can soar

You should now be convinced that software stocks can grow faster than nearly any other business type. Growth is instantaneous and nearly free. If you want to capitalize, Constellation is the stock for you.

Constellation actually takes this whole approach *another* step further. Not only does it stick exclusively with software, but it focuses on solutions that are niche and mission critical. Niche products have limited competition, improving pricing power. Mission-critical products, meanwhile, reduce customer turnover as it's difficult to move on to a competitor with so much at stake.

The best part is that Constellation has found a way to grow consistently, even after attaining decent scale. That shouldn't be surprising if you've followed the software market for a while. Many of these products are winner takes all.

"Our research revealed that higher growth rates portend sustained success," [noted](#) global consultancy McKinsey.

## Time to buy?

Great stocks don't come cheap. You'll have to pay 7.2 times sales for the option to own Constellation shares. That's slightly above its five-year average of 5.2 times sales, but it's worth the cost of admission. Even if you bought shares at their annual peaks since 2006, you would have made a killing.

The trick to 9,000% returns isn't snagging the perfect price. Instead, you must find businesses that can produce above-average returns for years on end. Constellation is that kind of stock.

### CATEGORY

1. Investing
2. Tech Stocks

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1. TSX:CSU (Constellation Software Inc.)

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