



Step Aside, Dogecoin: This Stock Has Risen 9,300%!

Description

Ah, how the mighty have fallen. Following a scorching-hot rally that increased its price by 12,000%, Dogecoin slipped in the past week's crypto market rout. The crash affected all noteworthy cryptos, including Bitcoin and Ethereum, but Dogecoin got hit harder than most. On May 9, Dogecoin was trading for US\$0.71. As of this writing, it was all the way down at US\$0.36. That's a whopping 49% decline! If the losses continue, then DOGE could wipe out all of its gains for the year.

That may or may not happen. It's no secret that Dogecoin has been the beneficiary of major social media hype this year. It started rallying when Elon Musk promoted it on **Twitter** and crashed just after Musk tweeted that **Tesla** would stop accepting crypto. It's impossible to say exactly *how big* the effect of these tweets was, but they were probably a factor in both the rally and the crash.

Gains made this way are fickle. If hype is all that's driving a rally, the absence of hype will end the party. But there are investments that can deliver gains similar to Dogecoin's for more sensible reasons. Over the past decade, [tech stocks](#) have delivered nosebleed returns, some of them rising 5,000% or more in just a few years. Over the past year, they've solidly outperformed. They may continue to do so over the long run. In this article, I'll explore one stock that has risen 9,300% since its IPO in 2006, driven by solid growth in its business.

Constellation Software

Constellation Software ([TSX:CSU](#)) is a tech stock that went public in 2006 for \$18.3. As of this writing, it was worth \$1,730. In the span of 15 years, it has risen a whopping 9,350%. Tech stocks in general are known for superior returns, but CSU has really been something else. If you'd invested \$10,000 in its IPO, your position would be worth about \$935,000 today.

Why it has risen so much in the markets

Constellation Software has risen in the markets for a completely different reason than Dogecoin has. It has no social media hype. It doesn't have a Twitter celebrity ranting about it. It isn't even a very well-

known company. But it does have solid fundamentals.

In the first quarter of 2008, CSU had \$73.6 million in revenue. By the first quarter of 2021, that had grown all the way to \$1.2 billion. In the span of just 13 years, sales increased more than 1,000%.

And there's more to the story than that. In addition to growing its sales, CSU has also grown its cash flows. First-quarter operating cash flows were \$495 million. Free cash flow was \$42 million. Today, Constellation's operating cash flows are higher than its revenue was just 13 years ago!

Can it keep going?

It's one thing to note that Constellation Software has grown dramatically as a business, but quite another to predict that it will keep rising in the stock market. Past performance doesn't indicate future performance, and you never know when a fast grower is going to slow down.

There is at least one reason for optimism, though: Constellation Software's acquisition model.

Unlike many venture capitalists, Constellation's Mark Leonard focuses on [acquiring companies](#) that are already generating revenue. In many cases, companies he acquires will also be generating profit. It's in contrast to the "hype" driven culture of Silicon Valley, which focuses on user growth and other vanity metrics. Over the years, Leonard has built a stable, profitable company made up of small, "niche" software operations. If he sticks to his guns, he may keep CSU rising well into the future.

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andrewbutton

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