



Worried About Tech Volatility? Buy This 1 Tech Stock for Decades

Description

Investors should try and buy a stake in businesses that they understand. This rule or adage has been endorsed and taught by most investment gurus. But how much you should understand a company, its business, and the broader sector before you are *justified* to invest in it is up for debate.

A good rule is that you should know enough about a business that you don't buy or dump its stock just because of market hearsay and can formulate your own conclusion. The rule is relatively easier to follow in industries where most businesses are quite similar. Energy, banking, and utilities are relatively easy to understand businesses. Plus, these sectors tend to be a bit more static compared to others.

Tech businesses, however, are usually difficult for many investors (especially the ones without a particular affinity for technology) to fully understand. That's especially true for businesses created around unique and disruptive technologies. The tech sector can sometimes also be more volatile than other, comparative steady sectors.

And if you want to invest in a tech business that might offer more stability compared to the broader sector *and* one you can hold on to for decades, **Constellation Software** ([TSX:CSU](#)) is worth considering.

The company

Constellation Software was founded in 1995. Since the beginning, it has been in the business of buying and holding software companies and has bought over 500 companies since its inception 25 years ago. It focuses on vertical market software companies — i.e., companies that develop software and services for a niche market or a very specific clientele.

Constellation's acquisition strategy has paid off since it has grown its revenue and net income consistently in the last decade. It has six operating groups, each focusing on a specific line of businesses. Its Volaris group, for example, focuses on agri-food, bioscience, retail, education, justice, and several other businesses. These groups also have overlapping areas of interest.

The stock

Constellation has a proven track record when it [comes to growth](#). And it doesn't just offer consistency; it also offers powerful capital growth potential. It has a 10-year CAGR of 39.9%, which means if it can keep growing at this pace, it can make you a millionaire in about two decades, with a relatively small amount of capital invested.

If you had invested \$10,000 in the company exactly two decades ago, you'd now be sitting at over \$850,000 (with dividends reinvested) with just this one investment alone. The company has sustained its incredible growth pace so far, and the probability that it will continue to do so is [relatively high](#).

Foolish takeaway

Constellation typically trades at a premium price, but that's usual for a stock with a growth history like this. It's one of the few stocks that didn't start growing unnaturally fast after the 2020 crash, and consequently, it didn't come down as much as many others in the sector did when the growth momentum ran out. It's one of the few tech stocks you can buy and forget about for decades.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)

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1. Business Insider
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Author

adamothonman

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