



How to Get Rich by Investing in Just 3 Stocks

Description

When it comes to investment wisdom, the first name that comes to the mind of most investors, especially in North America, is the Wizard of Omaha Warren Buffett. But his long-time partner and a billionaire himself is another authority figure to be considered for investment wisdom as well.

One thing that's quite evident from his investment approach and strategy and that he "stands by," figuratively is an aversion to diversification. He believes it's quite difficult to outperform the market if you are widely diversified, and that's true, even by the simple principles of mathematics.

If you invest only in index funds, you might underperform the market and not overshoot its returns. And even though diversification seems like a powerful hedge against market fluctuations, you might experience better, market-beating returns by investing in assets you understand and have a track record (and potential) of beating the market.

For example, if you understand tech, there are three [tech stocks](#) that might help you get richer faster than chasing the market might.

A supply chain stock

Kinaxis ([TSX: KXS](#)) was a [decent growth stock](#) up until the pandemic and the market crash when it became an unnaturally powerful growth stock for a limited window. The stock grew over 116% in just four months after the crash. The recovery was highly organic and was the result of a sector-wide optimism and pandemic-driven e-commerce boom.

But the company grew too fast, too early, and the stock has come down quite a bit since its 2020 peak (about 22%). It's still aggressively expensive, but neither changes the fact that Kinaxis holds a powerful position in the digital supply chain control and management segment of the logistics market.

It caters to a broad spectrum of industries and might have a very bright future ahead. But you must buy it when it's more reasonably priced than it is now.

A payment processing company

FinTechs, especially digital banks and payment processing companies, have been some of the greatest disruptors of the financial sector in the last decade. Many tech businesses have practically transformed how people think about money and how they approach payment processing, and **Nuvei** ([TSX:NVEI](#)) is one of them.

The company had an amazing initial public offering in September 2020, and the stock has been on the rise ever since. It has grown 117% so far and is not showing any signs of slowing down. But the stock's performance alone doesn't make this company a golden goose. Nuvei has penetrated about 200 global markets, serves 50,000 customers, has introduced 470 payment methods, and supports 150 currencies.

The company is also poised for crypto payments, making it a powerful growth bet for the future.

A software company

Constellation Software ([TSX:CSU](#)) has proven its mettle as a reliable and powerful growth stock, time and time again. [The company](#) is currently trading at \$2,000 per share, making it one of the most expensive stocks of all time, although **Shopify** is close at its heels. And despite its impressive growth history, the stock is not nearly as expensive (from an earnings perspective) as the two other tech stocks we've discussed.

The company has returned over 330% to its investors in the last five years and has a powerful 10-year compound annual growth rate (CAGR) of 42.8%. At this rate, this company alone is enough to make you rich if it keeps growing at its current pace and you invest a sizeable sum in it. Constellation also pays dividends, but the 0.2% yield isn't high enough to be a deciding factor.

Foolish takeaway

Tech happens to be one of the most dynamic sectors on the **TSX**, with more volatility and impressive growth prospects. And if you understand tech companies and can find winners from within the sector, you might be able to beat the market by a significant margin by forsaking diversification and concentrating on one sector.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:KXS (Kinaxis Inc.)
3. TSX:NVEI (Nuvei Corporation)

PARTNER-FEEDS

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