



## 2 Stocks Smart Investors Are Buying Right Now

### Description

The Canadian stock market has been on an excellent bull run in 2021. After the devastating impact of COVID-19 on the economy resulting in a broad pullback, most Canadian stocks have recovered to pre-pandemic levels. Several high-quality companies have even reached new heights.

The **S&P/TSX Composite Index** stands at 20,375.48 points at writing. The index has been hitting new all-time highs, despite the ongoing challenges presented by the pandemic. Considering the fact that Canada's primary stock market index is virtually displaying invincibility, investor confidence is reasonably high right now.

While some investors might see this as an opportunity to buy any assets offering the promise of stellar returns, smart investors will consider assets that can offer that *and* that can withstand a potential pullback in the markets.

I will discuss two stocks that have remained strong during the previous pullbacks and have the potential to deliver strong returns, even during [downturns in the future](#).

### Constellation Software

**Constellation Software** ([TSX:CSU](#)) is not the cheapest stock on the TSX right now. The stock is trading for \$2,038 per share at writing, much higher than many other tech stocks. However, it is not a tech stock like **Shopify** or **Lightspeed POS**. The stock has been trading on the stock market for a long time and is not the kind of company to provide sharp capital gains.

Instead, it has offered significant returns over a relatively long period. At its current valuation, CSU stock is up by 276% in the last five years. While it has not delivered returns as high as other well-known tech stocks, CSU can provide sustainable and continued growth. The company develops vertical market software companies with outstanding management, above-average growth, and consistent profitability.

Constellation Software acquires tech companies with significant revenues and grows them to leverage

the profits for further acquisitions. It stood tall during previous market crashes and has the liquidity to continue providing its investors with stellar long-term returns.

## Canadian National Railway

**Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) is a [dividend stock](#) that has also been a reliable growth stock for investors for a long time. While it does not boast as consistent and significant growth as Constellation Software, the railroad giant has delivered substantial returns to its shareholders over the years.

The barriers to entry in the railroad industry are very high, and Canadian National Railway is the dominating presence in the sector throughout North America.

It is the only railway company on the continent with a railroad network extensive enough to connect three coasts, and it provides an essential service to its customers. CNR is also a Canadian Dividend Aristocrat that has been growing its shareholder dividends for the last 25 years.

The company has recently been integrating advanced technological solutions to improve its operations across the board. The developments could see a massive boost to CN Railway's cash flows and provide its investors with more significant returns in the future.

## Foolish takeaway

Canadian National Railway stock and Constellation Software stock have managed to stand strong during previous market downturns and even performed better than the broader market during those times.

Favourable industry trends for both companies also mean that the dividend stocks can offer you the chance to [grow your wealth through shareholder dividends](#) and through capital gains. It could be the right time to establish a position in both companies if you don't already own shares of CNR and CSU right now.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)
3. TSX:CSU (Constellation Software Inc.)

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