

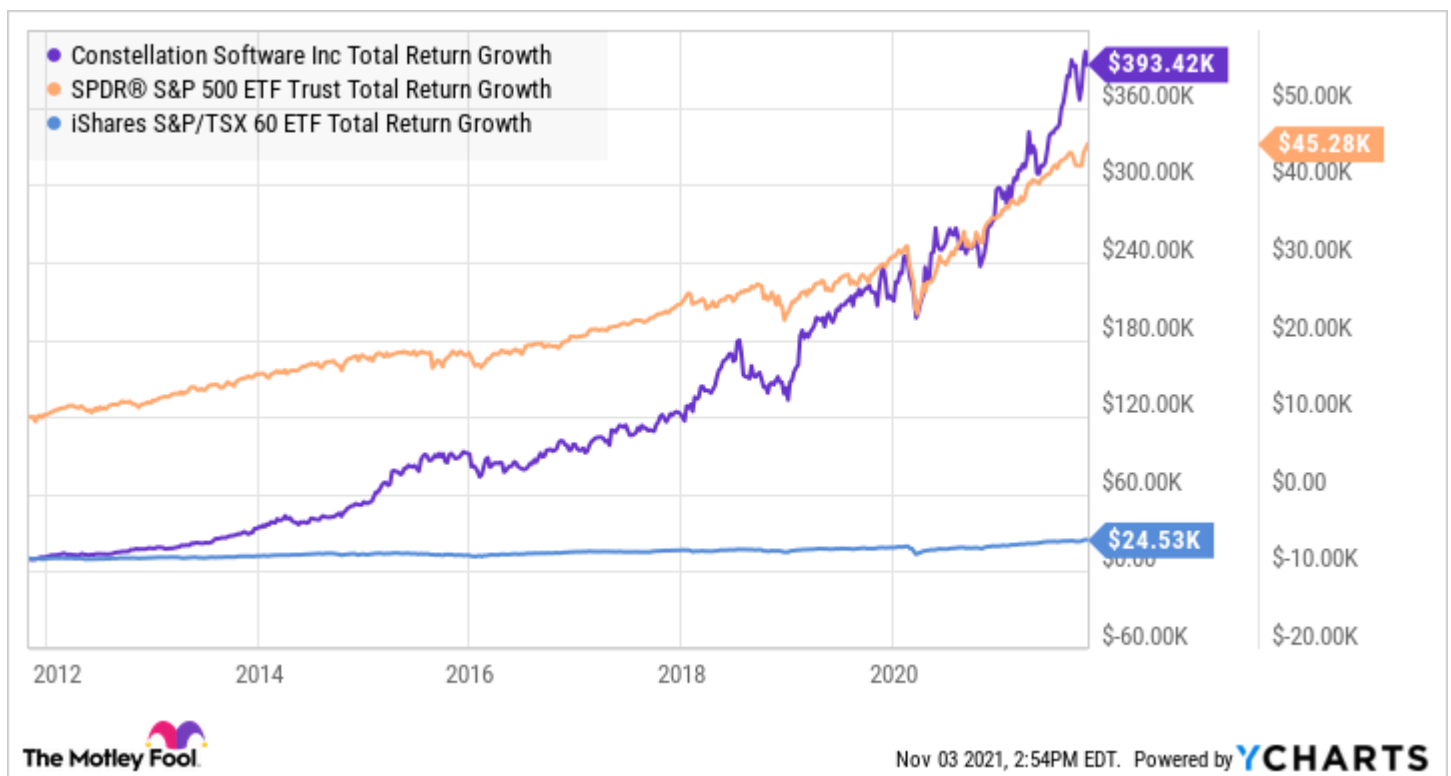


1 TSX Tech Stock Turned \$10,000 Into \$393,000 in 10 Years: Don't Miss This!

Description

If you still have at least five years until retirement, one of the best things you can do is park some of your savings in growth stocks. This **TSX tech stock** is a prime example of a growth stock that has delivered excellent returns for long-term shareholders.

Here's a snapshot of **Constellation Software (TSX:CSU)** returns beating the North American markets over the last 10 years. It generated eight times the returns of the U.S. stock market and 16 times the returns of the Canadian stock market! Specifically, it turned a \$10,000 investment into more than \$393,000 over the last decade!



CSU Total Return Level data by YCharts

Constellation Software's success

Constellation Software has succeeded for the long haul through growing by acquisitions globally. It has a presence in North America, Europe, Australia, South America, and Africa. The tech company develops and customizes software for public and private sectors across a range of markets including communications, credit unions, beverage distribution, tour operators, textiles and apparel, and hospitality.

Management has been superb. Miraculously, the tech stock's return on equity has been incredibly high, which suggests that management has been fabulous in its capital allocation. For example, Constellation Software's five-year return on equity is north of 50%. Additionally, its five-year return on assets wasn't bad either at approximately 11%.

Is the tech stock still a buy?

Because its software solutions are critical to the everyday operations of businesses, Constellation Software is resilient to recessions and remains profitable through the worst of economic times. During the pandemic, the company witnessed revenue growth of 14% and diluted earnings-per-share growth of 31%.

The tech stock is experiencing a tapering of growth in its bottom line recently. Although its trailing-12-month revenue is US\$4.5 billion, up 22% year over year, its diluted earnings-per-share only climbed 3%. Simultaneously, the tech stock has ascended amazingly in the last 12 months by approximately 70%. Slower growth on the bottom line and a rising stock has consequently led to an expensive stock to own. Currently, CSU stock trades at a blended price-to-earnings ratio of approximately 50 times!

It would be safer for interested investors to wait for a consolidation or pullback in the tech stock before taking a bite.

Don't miss this little tech stock!

You might find better success by parking your money in **Topicus.com** ([TSXV:TOI](#)), Constellation Software's spinoff. Topicus is pretty much following the parent company's business model, but it's focused on Europe. The little growth stock quickly doubled from the spinoff that occurred in February. However, in the long run, Topicus has much more room to run as a mid-cap company with a market cap of \$5.6 billion — only 12% of Constellation Software's market cap.

Notably, Topicus trades on the TSX Venture Exchange. Interestingly, it's a more liquid stock than Constellation Software. Its average volume is about 1.5 times that of the parent company due to having a greater float.

The Foolish investor takeaway

If you love Constellation Software, you should also [embrace Topicus](#). Between the two, Topicus will

likely grow faster over the next 10 years due to its more nimble size. If possible, aim to buy shares on corrections of at least 10%.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSXV:TOI (Topicus.Com Inc.)

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