



This Tech Stock, up 8,500%, Offers Stable Growth

Description

Tech stocks have a bad rap recently. These companies soared during the pandemic with the rise of e-commerce and anything related to it providing opportunities. Yet there was one tech stock that not only rose during this time but has been rising for quite a while. And it continues to do so as its peers fall around it.

What tech stock is that?

Constellation Software ([TSX:CSU](#)) has been on the market since 2006, climbing over 8,500% in that time. Even in the last few years, its growth has been [impressive](#). The tech stock is up 240% in the last five years and 14% in the last year alone.

Arguably, that last number is the most impressive, because have you seen Constellation stock's share price? The only rival it had was **Shopify**, which traded around \$2,000, and we all know how that's going right now.

That's because Shopify is new. Constellation is not. The company created a solid growth strategy for itself, acquiring software companies with insight that's like management has a crystal ball.

How does it do it?

Constellation is a big fish, and it looks for smaller fish — ones that need investment to get into their niche areas. These software companies are necessities that don't have the excitement compared to something like e-commerce. This would include something like library software or transit scheduling.

The tech stock now has over 650 companies under its umbrella and continues to grow. It can identify these spaces in the market that need to be filled, provide funding to expand, and bring in even more revenue — especially as it gets these software companies for an absolute steal.

So, even when it looks overvalued, most analysts agree that the tech stock eventually catches up. And

it's why the company continues to stay steady when it comes to its strategy. After all, it's worked so far.

Should you buy?

Here's the pickle. Constellation is down from all-time highs, going through the yo-yo performance in the tech sector, just like all the others. However, fund managers seem to see this as an [opportunity](#), not a deterrent.

Shares of Constellation trade at about \$2,145 as of writing. Meanwhile, it has a consensus target price of \$2,647. That's a potential upside of 23% as of writing. And that looks realistic given its compound annual growth rate remains around a whopping 35% over the last decade.

Foolish takeaway

There are tech stocks, and then there's Constellation stock. And honestly, it's still the only tech stock I would consider as a solid long-term hold these days. You even get a dividend yield of 0.24%, or \$5.08 per share per year. So, if you have the funds to get in, I'd do it now while it remains down from 52-week highs — even when it trades at such high multiples, because that won't last very long.

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