



3 Industry Leaders to Buy for Safe Growth

Description

When a stock falls in its portfolio, investors start looking into the causes that triggered the fall. Sometimes they are easy to identify, like a sector-wide or market-wide trend, but they are difficult to comprehend in other instances. The idea is that to keep your portfolio safe, you should understand what can trigger a major or irreversible fall for one of your holdings.

It's just as important to understand why a stock is growing when it's growing. This can help you (to an extent) understand the probability of the stock's continuous future growth and realize how safe the growth is.

And if you are interested in companies that are safe growers primarily because of their inherent competitive advantage as industry leaders, three companies should be on your radar.

A tech leader

Constellation Software ([TSX:CSU](#)) is almost a constant when it comes to growth in the tech sector (ironically). It has been one of the most consistent growers of the last decade — not just in the tech sector but also in the TSX. What makes its growth different from other growers in the Canadian stocks markets is the combination of consistency and pace.

The stock has risen by about 2,000% in the last decade alone. That's 200% growth a year on average, more than many growth stocks achieve in a decade. It's also one of the largest tech stocks (by market cap) and dominates the vertical software market in Canada.

Constellation's growth is safe not just thanks to its powerful history but also because, even if it falls short of its historical performance, it might still outpace half the competition.

A P&C insurance leader

Intact Financial ([TSX:IFC](#)) is an undisputed leader in the Canadian property and casualty insurance

industry, but its safety comes from more than that. It has already captured a substantial market in Ireland and the U.K. through some of its 15 brands. It's also growing its presence in the U.S., but that's still a work in progress.

The stock reflects this dominance through consistent growth, though the company also offers dividends, and the yield is surprisingly decent considering the consistency and pace of its growth. If you buy now, you can lock in the current 2.1% growth and take advantage of an attractive valuation for a stock that grew its investors' capital by about 192%.

The Banking sector leader

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is an incredibly safe long-term investment with modest growth potential and slightly better overall return potential, thanks to its generous dividends. As the largest security on the TSX and the largest bank in Canada with diversified international operations, it has both sway in the market and amazing organic growth opportunities.

Royal Bank of Canada is also quite secure, because of the Canadian banking sector as a whole. The conservative approach of the banks in Canada is one of the reasons these stocks/banks show such resilience in difficult market conditions.

Foolish takeaway

When you are [learning to invest](#), it's natural to feel an inclination towards the industry leaders towards the supposed safety they offer. But many industry leaders, including these three, can be potent long-term additions to your portfolio and provide solid growth, regardless of what stage of investment understanding you are at.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:IFC (Intact Financial Corporation)
4. TSX:RY (Royal Bank of Canada)

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