



## This Stock Has Delivered a Gain of 1,874% Over 10 Years: Can You Still Buy?

### Description

Stock prices are volatile and move with news in the short term. Macro factors like the current phase of the economic cycle, changes in money supply, and inflation can all contribute to the financial markets' sentiment.

Right now, Canada seems to be at the peak of an economic cycle and expected to enter a recession by next year. The U.S. is already technically in a recession, characterized by two consecutive quarters of negative gross domestic product (GDP) growth. However, it's not severe so far, with a drop in GDP of 1.6% and 0.6%, respectively, in the last two quarters.

As a comparison, the pandemic recession saw the U.S. GDP fall 4.6% and 29.9% in two quarters, respectively, before the effects of money supply jumped in, propelling GDP growth of 35.3% in a quarter in late 2020.

We're experiencing money supply tightening and rising interest rates to curb high inflation. This has weighed on the [top TSX stocks](#), including **Constellation Software** ([TSX:CSU](#)). The stock may be overlooked by some investors because of its puny dividend yield of roughly 0.3%.

Investors should note that the spectacular tech stock has climbed about 1,658% in the last 10 years. Including dividends, it has returned approximately 1,874%. In other words, it grew investors' money that was invested 10 years ago almost 20-fold, resulting in annualized total returns of almost 35%! It'd be difficult to name a stock that has beaten its returns.

Remember that Constellation Software stock has also been pressured in this market correction. Year to date, the tech stock has declined about 20%.

If you were one of the first investors in the top-notch [tech stocks](#), an initial investment of \$10,000 could be well worth over a \$1 million now. Given Constellation Software's strong history of execution by extraordinary management, the business has hopes to continue growing its adjusted earnings per share (EPS) by 15-20% over the next three to five years.

Constellation Software provides enterprise software solutions globally for various vertical markets. It

has eight head offices around the world and has executed an incredibly successful mergers and acquisitions (M&A) strategy for years.

Here are its recent results. In the first half of the year, Constellation Software increased its revenue by 26% to just over \$3 billion year over year. The growth was attributable to its M&A strategy. Because asset valuations are depressed in today's rising interest rate environment, the company should be able to find suitable acquisition targets at more attractive valuations.

## The Foolish investor takeaway

Ultimately, interested investors should have a long-term investment horizon and focus on the tech stock's price appreciation potential. At about \$1,869 per share, the stock trades at a discount of about 28% from the 12-month consensus price target across seven analysts.

Despite the stock being undervalued, \$1,869 is a lot of money for new investors. Thankfully, investors can now invest in partial shares on commission-free trading platform [Wealthsimple](#). In other words, you can invest the amount that fits your current situation, whether it'd be \$25 or \$100. This way, you can also quickly build a customized cost-free fund for your [portfolio diversification](#) purposes.

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2. Tech Stocks

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1. TSX:CSU (Constellation Software Inc.)

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**Author**

kayng

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