3 Top Stocks You Can Buy and Hold for the Next Decade

Description

Investing can be as simple and straightforward as you make it. By buying and holding quality companies with track records of growth for the long run, you are stacking the odds in your favour to build tremendous wealth.

Royal Bank of Canada (TSX:RY)(NYSE:RY) is a leader in providing banking and financial services. Its brand is well recognized across Canada. A $10,000 investment in the stock a decade ago has more than doubled to +$23,300 for an annualized return of 8.2%, which beat the returns of 7.6% from the **S&P 500** in the same period.

For the next three to five years, it's estimated that Royal Bank will increase its earnings per share by 7-9%. Seeing as the stock is reasonably valued, trading at about $104 per share (i.e., a price-to-earnings multiple of 12.5), buyers today can expect long-term returns of about 11% (+/-2% for margins of error).

This return estimate includes the safe dividend that the banking leader offers. Royal Bank offers a yield of roughly 3.8%.

Fortis (TSX:FTS)(NYSE:FTS) is a top 15 North American utility. Its quality is evident with its record of +40 consecutive years of dividend growth. Its regulated nature makes the performance of the business very predictable and stable.

For the next three to five years, it's estimated that Fortis will increase its earnings per share by about 5%. Seeing as the stock is trading at a roughly 10% discount from its long-term normal multiple, it's a decent entry point to begin scaling in to the low-risk company.

At about $42.70 per share, Fortis offers a safe dividend yield of close to 4%. Buyers today can expect long-term returns of about 9% (+/-2% for margins of error).

Open Text (TSX:OTEX)(NASDAQ:OTEX) is in the right place. It is an enterprise information management company that involves security, cloud services, and the Internet of Things. Most importantly, it grows its business profitably with a focus on recurring revenue and operating cash flow.

With its eyes set on crystal-clear goals and key performance metrics, it's no wonder the stock has delivered annualized returns of 20% over the last 10 years or so (i.e., a $10,000 investment grew to +$60,000).

Open Text is estimated to increase its earnings per share by 10-12% per year. The stock isn't expensive right now, but it's not a bargain either. So, interested investors should consider buying the stock on meaningful dips.

In the last couple of years, the stock has increased its dividend per share by 15% per year. Going forward, it has the ability to grow its dividend at a rate of 10% or more.

Investor takeaway

Royal Bank, Fortis, and Open Text are great companies to hold for the next decade and more. They offer stable growth and increasing dividends. For a better buying opportunity, consider averaging in to the stocks on dips of 5-10%.

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4. TSX:FTS (Fortis Inc.)
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