RRSP Investors: 3 Growth Stocks to Buy and Hold for the Next 20 Years

Description

Long-term investing means looking for stocks to buy and hold and looking through short-term noise, because there is always noise.

Those stocks may be out of favour at times and may have a setback here and there, but at the end of the day, they are stocks of companies that have a clear strategy and competitive advantage. They are disruptors, they are continually improving, and they are addressing a real and quantifiable need or demand.

Without further ado, let's take a look at three stocks that investors can tuck away in their RRSPs for their long-term growth profile and shareholder value creation.

CGI Group (TSX:GIB.A)(NYSE:GIB)

CGI Group stock is a great buy-and-hold growth stock for its strong competitive advantage and strong growth profile going forward.

CGI stock is a tech stock that has provided its shareholders with an 80% return over the last five years, as the company has grown its free cash flow from $458 million to $1 billion.

With $10.8 billion in revenue, CGI is Canada's largest Information Technology (IT) services firm. The company has and will continue to grow by consolidating the industry and by growing organically, as the IT services industry is a growth industry.

At this point in time, CGI still has a big opportunity to continue along its growth trajectory, with a focus on higher-margin business further increasing the company's margins over time and the possibility of future acquisitions.

Waste Connections (TSX:WCN)(NYSE:WCN)

Waste Connections is the third-largest solid waste company in North America in a fragmented industry, and with size and a clean balance sheet on its side, the company is well positioned to continue to return cash to shareholders and pursue its goal of continuing to consolidate its fragmented industry through acquisitions.

Waste Connections stock has provided its shareholders with a 160% return over the last five years, as the company more than doubled its revenue to $4.6 billion, also mainly through acquisitions.

This growth was more than matched by free cash flow growth, which saw a 307% increase in this time period.

Pason Systems (TSX:PSI)

Although Pason is an energy stock, it can also be thought of as a tech stock that is changing the way oil and gas companies do business.

Improving the processes, reducing the risk, and changing the returns structure.

Pason's competitive advantage lies in the technology the company has and continues to bring to the market, making the oil and gas business a less-risky and more profitable one.

Pason has a strong track record, and when we look at its history, we can see evidence of strong cash flow generation, consistent dividend increases, and a very profitable business model.

In the first six months of 2018, Pason reported a 24% increase in revenue, a 670-basis-point increase in EBITDA margins, and a 66% increase in funds flow from operations.

Lastly, Pason is also a dividend stock with a very attractive dividend yield of 3.56%, paying investors a steady income along the way.

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1. Dividend Stocks
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1. Editor's Choice

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1. NYSE:GIB (CGI Group Inc.)
2. NYSE:WCN (Waste Connections)
3. TSX:GIB.A (CGI)
4. TSX:PSI (Pason Systems Inc.)
5. TSX:WCN (Waste Connections)

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