2 Stocks to Own for Decades

Description

The month of May has seen market turbulence as the United States and China wrestle over trade. This year has seen one of the best first half performances for the **TSX** in its history. While its performance over the past decade has not been as impressive as the top U.S. indexes, there are still many growth opportunities for Canadian investors.

Today we are going to look at two equities that are well worth holdings into the 2020s and beyond. Each has a sizable stake in a rapidly growing sector.

Aurora Cannabis (TSX:ACB)(NYSE:ACB)

Aurora Cannabis is one of the top three largest cannabis producers in Canada. Shares of Aurora had climbed 76% in 2019 as of close on May 16. The stock was up 60% year over year.

In the middle of April I discussed why investors should brace themselves for volatility in the cannabis sector. Cannabis sales dropped from December to January, which prompted analysts to temper their expectations as producers began releasing earnings in the spring. Aurora missed analysts' estimates in its third-quarter report, as revenue came in at $65.2 million.

Aurora posted a bigger-than-expected net loss of $158.4 million, but production nearly doubled to 15,590 kilograms. The company also sold 9,160 kilograms compared to 6,999 in the previous quarter. Sales on medical and recreational cannabis was nearly a 50/50 split, which shows that Aurora has some catching up to do with firms like **Canopy Growth**.

The cannabis sector is poised for huge international growth in the coming years. Aurora has established a strong domestic foothold and is expanding internationally. There will be bumps in the road to begin with, but Aurora is positioned to be one of the top global cannabis producers going forward.

Kinaxis (TSX:KXS)

Kinaxis is an Ottawa-based company that provides software solutions for sales and operations planning and supply chain management. The Ottawa-based **Shopify** has soaked up most of the attention in the Canadian tech sector, but Kinaxis is no slouch. Shares had climbed 15.4% in 2019 as of close on May 16. Back in late November I suggested that investors snatch up Kinaxis after it fell below the $65 mark.

The company released its first-quarter 2019 results on May 10, which saw total revenue climbed 24% year-over-year to $45.8 million as subscription term license revenue posted 87% growth to $8.4 million. Adjusted EBITDA surged 29% to $16 million.

Kinaxis is a great target for investors who want to bet on companies that are developing artificial intelligence to bolster products and services. This company has moved to incorporate artificial intelligence and machine-learning to construct self-healing supply chains, superior algorithms for its clients, and many other benefits.

There is heightened demand for supply chain management software as companies navigate a complex global marketplace. Kinaxis' top-of-the-line offerings are well positioned to fill that demand in the years and decades to come. Its forward P/E of 48 seems high at a glance, but it comes at a solid value relative to its competitors in the tech sector. Kinaxis has enjoyed a post-earnings bump, but pricing wise now is still a good entry point.

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2. Investing

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2. TSX:ACB (Aurora Cannabis)
3. TSX:KXS (Kinaxis Inc.)

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Date
2025/08/26
Date Created
2019/05/19
Author
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