



## 2 Value Stocks for the Next 20 Years

### Description

Value stocks aren't in favor right now. In fact, value stocks have underperformed growth stocks over the last decade. But don't lose hope: over the last 30 years, value stocks reign supreme.

If you're sticking with a tried-and-true value investing strategy, we've got two stock picks for you that could outperform the market for 20 years or more. These two companies are the epitome of buy-and-hold investments.

### Fish in a barrel

Warren Buffett, the founder of **Berkshire Hathaway Inc.**, has a great saying: "I like shooting fish in a barrel, but I like to make sure the water's drained out." He's saying that he loves a great deal, especially when your odds of success are basically guaranteed.

There are never any guarantees in the stock market, but there are plenty of ways to boost your chances.

Investing in companies with multi-decade growth opportunities is a great way to achieve this. In any given year, the company may stumble, but because it's riding a growth engine that should keep kicking for another 20 years or more, the stock will self-correct with ease. A rising tide really does lift all boats.

Which stocks are capitalizing on multi-decade opportunities? The following two companies are prime candidates for your portfolio.

### A changing grid

**Algonquin Power and Utilities Corp.** ([TSX:AQN](#))([NYSE:AQN](#)) is a terrific stock. Over the past decade, shares have increased by roughly 400%. The **S&P/TSX Composite Index** has risen by just 40%.

The secret to its success is simple: operate a business with big, reliable cash flows and then use those funds to reinvest into high growth projects. Here's how it works.

In 1997, Algonquin purchased 14 hydroelectric generation facilities located across Quebec, New York, and New Hampshire. These were terrific assets to own. Regulation meant that as long as the company could deliver power, it was guaranteed a certain profit.

And because hydro facilities are incredibly reliable, Algonquin had no trouble delivering. This early business gave it regular cash flow to reinvest into other opportunities.

Today, the company operates \$6 billion in regulated utilities. It's used this stable business to fund high-growth initiatives, including a renewables portfolio that generates 1.5 gigawatts of power.

Long-term, management expects to achieve 10% annual EPS growth using the same strategy it's used for decades. There's no reason to believe this proven formula won't work again over the next 20 years.

## Population growth

**Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)) has another winning strategy that should [benefit immensely](#) over the next 20 years. It owns infrastructure projects that benefit from rising global populations.

As long as the world keeps growing, demand for railroads, highways, ports, and energy infrastructure will continue to rise. Fortunately, those are exactly the types of assets that Brookfield owns.

The world's population rises by more than 200,000 people every single day. The United Nations expects this explosion to persist for another 50 years or more.

Over the long term, expect Brookfield to compound earnings growth at double-digit rates, directly benefiting patient shareholders willing to ride through the bumps.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

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