



## Got \$5,000? Buy These 2 Stocks Now

### Description

The market remains choppy, but that makes it a great time to invest. Several high-quality stocks now trade at discounted valuations. With as little as \$5,000, you can secure the deals of a lifetime.

But where should you deploy your capital? Markets are surging, yet millions remain out of work. Oil prices have [rebounded](#), but some mega-projects are still in peril. The mismatch between equity prices and economic conditions has never been higher.

“The market’s P/E level typically reflects current conditions,” notes legendary investor Jeremy Grantham. “Markets have historically loved fat margins, low inflation, stability and, by inference, low levels of uncertainty. This is apparently one of the most impressive mismatches in history.”

The key to investing today is to target long-term [growth](#) opportunities while keeping an eye on your downside. And that’s exactly what the following two stock picks achieve.

## Sleep easy every night

**Hydro One Ltd** ([TSX:H](#)) is perhaps the most reliable stock in Canada. If you want to sleep easy at night, this should be your top pick. But achieving safety doesn’t require sacrificing growth. Over the next five years, this stock could produce 8% to 10% annual returns with very little volatility.

The secret to Hydro One’s stability is its rate-regulated business model. The company owns energy transmission and distributions assets. These include things like transformer stations and power lines. Its network covers 98% of Ontario, giving it a near-monopoly.

In exchange for this market power, regulators limit how much it can charge customers. These limits, however, also include pricing floors, which are set years in advance. So, Hydro One essentially knows how much profit it will earn far into the future, with almost complete visibility.

Clarity on earnings allows the firm to pay a rock-solid 4% dividend yield. That combined with annual rate base growth should generate upper single-digit annual returns this decade, all with extreme

downside protection.

## This growth stock is ready

Want more than 8% to 10% annual returns? One **TSX** stock has delivered 20% annual returns for more than a decade. Now armed with a \$32 billion market cap, this company could still double or triple in size in the years to come.

The company, of course, is **Constellation Software Inc.** ([TSX:CSU](#)), a Canadian legend. Founded by venture capitalist Mark Leonard, Constellation quickly became a software juggernaut. But you likely haven't heard of *any* of its products. That's because it offers niche solutions primarily to business customers.

Most of the company's software products focus on automating mission-critical processes. This automation typically saves customers money, making it an easy sell. And because the software is responsible for mission-critical tasks, it's hard to remove once it's installed.

In total, Constellation stock benefits from sky-high renewal rates and industry-leading profit margins. Even if another bear market hits, customers will continue to pay their software fees. In fact, sales could *rise* as businesses scramble to cut costs through automation.

Constellation stock is certainly pricey at 70 times earnings, but given its track record, don't be surprised to see shares perform well over the coming decade. Over the last decade, shares rose from \$40 to more than \$1,200.

### CATEGORY

1. Energy Stocks
2. Investing
3. Tech Stocks

### TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:H (Hydro One Limited)

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rvanzo

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