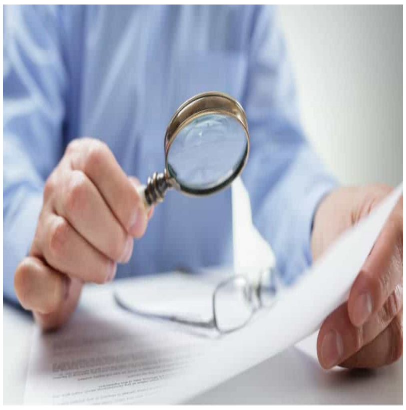

2010 vs. 2020: Here's What Investors Have Learned

Description

There have been a lot of changes in the last decade within the financial sector, but not all for the good. Just take a look back at June 2010 and see for yourself. For example, the price of West Texas Intermediate oil was at US$71.51. Fast forward to today, and that's in half at $34.25 as of writing.

What this marks is a huge change in where investors are putting their money today. Back in 2010, clearly, energy was the place to be. Fast forward halfway through the decade, and oil and gas started to plummet. Meanwhile, tech stocks were a luxury item. Today, those stocks seem to be a defensive play in today's market.

So, what can investors do to protect themselves in the next decade?

The bigger, the better

If you look at the last decade, there is one thing that stands out: buy big. The biggest names out there still take up much of the top stocks in the **S&P/TSX Composite**. These stocks seem to be the winners no matter what happens in the markets, and that's because investors are looking at these stocks as long-term options.

What's really interesting is if you were to take the top stocks in 2010 and now, you would have a fairly diverse portfolio. Take today for an example. If you take the top 10 stocks by market capitalization, here is the fund you would get.

Royal Bank of Canada	Finance
Toronto-Dominion Bank	Finance
Shopify	Tech
Enbridge	Energy
Canadian National Railway	Transportation

Brookfield Asset Management	Finance
Bank of Nova Scotia	Finance
TC Energy	Energy
Barrick Gold	Gold
BCE	Telecommunications

As you can see, these stocks make up a diverse portfolio. While many are in the finance sector, those businesses invest themselves in even more diverse stocks, giving you a wide range to choose from. The same goes for 2010. Another similarity, none of these stocks then and now trade at a price-to-earnings ratio above 20. That leaves analysts and investors carefully optimistic about the future of these companies.

But should you buy?

Let's now take a look at these same stocks over the last decade and zero in on the share price change. This can tell us not only about how the stock itself has performed but the sector as well.

Royal Bank of Canada	+92%
Toronto-Dominion Bank	+91%
Shopify	+2,685%
Enbridge	+88%
Canadian National Railway	+303%
Brookfield Asset Management	+400%
Bank of Nova Scotia	+22%
TC Energy	+86%
Barrick Gold	-35%
BCE	+94%

Judging by this change we can say a few things. First, that if you look at the industries that have exploded, it might be a good idea to look at smaller companies set to make the same type of change in the next decade. Second, financial stocks may not have the biggest gains, but the companies are likely to be the most stable.

But the biggest takeaway is, if you're going to buy, buy long term. These top stocks are likely to continue to keep making solid gains over the next decade. We might not be as optimistic as we were back in 2010, well out of a recession and a whole decade before another bear market. Yet with these big names you get one thing in 2020: security. While you might be paying a premium to get that security, if you’re planning to hold for decades, that premium will pay for itself.

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