



2 Top TSX Stocks for Long-Term Wealth Creation

Description

Investors have witnessed a considerable swing in the broader equity markets this year. The S&P/TSX Composite Index, which had nosedived in March, has made a significant recovery, recouping the majority of its losses. Despite the sharp pullback, the higher number of COVID-19 infections and weak economic indicators are still a cause of concern.

If you are a long-term investor, these short-term volatilities should not impact your investment decisions. I believe the following two stocks are best suitable for investors who buy the stock and hold it for decades.

Maple Leaf Foods

My first pick would be a consumer packaged meat company **Maple Leaf Foods** ([TSX:MFI](#)). The company has been focusing on high-growth initiatives, such as plant-based protein, in the last few years, which has hurt its profitability. However, the demand for plant-based meat is rising, as people are shifting towards healthy and sustainable options.

Industry experts are projecting the plant-based meat market to reach \$25 billion by 2029. Meanwhile, the company has set its goal to make its plant-based meat segment a highly profitable \$3 billion business over the next decade.

Meanwhile, the management has set a strategic sales growth target of 30% per annum for its plant-based meat segment. [In the first two quarters of this year](#), the segment's revenue grew 34% on a year-over-year basis, surpassing its guidance. Meanwhile, the plant-based meat segment is yet to become profitable.

However, Maple Leaf Foods's meat-based protein segment has provided much-needed stability to its earnings. In the first two quarters, the segment's revenue grew 9%, while its adjusted EBITDA margin expanded from 10.7% to 12.3%.

The favourable shift towards branded products, higher exports to Asian markets, and growth in its retail

sales amid the pandemic led to a rise in sales from the meat-based protein segment. Along with sales leverage, the improvement in gross margin and decline in SG&A (selling, general, and administrative) expenses drove the segment's adjusted EBITDA margin.

So far this year, Maple Leaf Foods has returned 11%, easily outperforming the broader equity markets. Despite the increase in its stock price, it currently trades at a forward EV-to-sales multiple of one, while the industry average stands at 1.88. So, given its strong growth prospects and attractive valuation, [investors with a longer time horizon should buy this stock for higher returns.](#)

Jamieson Wellness

My second pick would be **Jamieson Wellness** ([TSX:JWEL](#)). It produces and distributes branded vitamins, minerals, and supplements (VMS), which has seen increased demand among consumers. Through its focus on product quality, purity, and potency, the company has been able to differentiate its products in the VMS market, which has become commoditized.

Along with product differentiation, its strong relationship with customers has helped Jamieson Wellness to grow its revenue at a CAGR of 7.4% from 1999-2019. Meanwhile, the company's revenue growth in the last few years has been more robust, with its revenue growing at a CAGR of 11.6% since 2016.

Along with its top-line growth, the company has managed to drive its adjusted EBITDA also. Since 2016, the company's adjusted EBITDA has increased at a CAGR of over 17.5%.

Meanwhile, Jamieson Wellness's numbers could improve further due to multiple favourable factors. The aging population, focus on healthy living, and the rise in disposable income could increase the demand for its products going forward.

Its international segment has been a critical driver in the last few years. In 2019, its revenue from international markets grew by over 25%. For this year, the management is projecting a growth in the range of 25-35%. Along with the growth in China, the expansion in the existing as well as the new international markets could drive the company's global sales.

So far this year, Jamieson Wellness is up by over 43%. But the rally in the stock could continue for years, given its strong growth prospects. So, I believe Jamieson Wellness is an excellent option for long-term investors.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:JWEL (Jamieson Wellness Inc.)
2. TSX:MFI (Maple Leaf Foods Inc.)

PARTNER-FEEDS

1. Business Insider

2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Investing

Date

2025/08/26

Date Created

2020/08/11

Author

rmanjapla

default watermark

default watermark