The 3 Best Canadian Stocks to Buy Now and Hold Forever

Description

The coronavirus's new and highly infectious strain has rung the alarm bell and could be the potential trigger for the stock market correction. While the fear of another lockdown or economic slowdown could drag the market down, a few TSX stocks have the strong fundamentals to easily weather the crisis and continue to deliver strong returns over the next several years.

Let's delve into three such top TSX stocks that you can buy now and watch grow over the next several years.

Enghouse Systems

Enghouse Systems (TSX:ENGH) has consistently generated profitable growth over the past several years and beaten the benchmark index by a significant margin in terms of returns. The company provides software and solutions for remote work, supply-chain, visual computing and communications, and transit operations.

While the sustained demand for its core products continues to fuel growth, Enghouse Systems benefits significantly from its accretive acquisitions.

Notably, Enghouse's top line has grown at a CAGR (compound annual growth rate) of 10% since FY 2016. Moreover, its adjusted EBITDA increased at a CAGR of 17% during the same period. Thanks to its profitable business and strong cash flows, Enghouse Systems has consistently boosted its shareholders' returns through higher payouts and raised its dividends at a CAGR of 13.5% over the last five years.

Enghouse's two-pronged growth strategy, favourable industry trends, and profitable growth could continue to drive its stock higher.

goeasy

goeasy (TSX:GSY) is one of the top-performing Canadian stocks, thanks to its high growth and resilient business. As Canada's top lenders struggled on the profitability front due to the higher provisions amid the COVID-19 pandemic, goeasy's bottom line soared 52% during the first nine months of 2020.

The company's consistent top-line growth, strong credit and payment performance, and tight expense management continue to support its earnings. Thanks to its high-quality earnings, goeasy has consistently raised its dividends for six years in a row. Moreover, goeasy has been paying dividends for the past 16 years.

With the uptick in economic activities, goeasy is likely to witness increased demand that could accelerate its sales and earnings growth. Meanwhile, geographic and channel expansion and a large addressable market provides ample room for growth.

With its strong potential and a decent dividend yield of 1.9%, goeasy could continue to deliver higher shareholder returns in the coming years.

Kinross Gold

Kinross Gold (TSX:K)(NYSE:KGC) stock is a steal at the current levels. It has corrected about 26% in the past three months and is trading at about a 20% discount to its peers. Kinross Gold has reported strong financial numbers in 2020 and has grown its margins and earnings at a brisk rate.

Notably, the uncertain economic outlook should drive demand and prices of gold higher and boost the margins of the gold mining companies. Increased average selling prices and higher production from low-cost mines are likely to result in strong double-digit growth in Kinross Gold's bottom line and support further upside in its stock.

Besides its good growth prospects, the company has restored its dividend payouts and offers a healthy yield of 1.6%.

CATEGORY

1. Bank Stocks
2. Coronavirus
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POST TAG

1. Editor's Choice

TICKERS GLOBAL

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2. TSX:ENGH (Enghouse Systems Ltd.)
3. TSX:GSY (goeasy Ltd.)
4. TSX:K (Kinross Gold Corporation)

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snahata