



2 TSX Stocks to Buy and Hold for the Next 10 Years

Description

Investors can create significant wealth by investing in equity markets, provided they are disciplined enough to stay invested over a longer horizon. Investing for long periods protects you against short-term fluctuations while maximizing your returns. Meanwhile, selecting stocks with high-growth potential is also equally important. We will look at two such companies that offer high long-term growth potential.

Canopy Growth

The increased legalization of cannabis, the introduction of new innovative products, such as Cannabis 2.0 products, and customers' movement from illegal cannabis markets to legal markets could drive cannabis sales over the next decade. Last November, five more U.S. states voted to legalize cannabis, increasing the total number of states that have legalized cannabis in some form to 36.

Meanwhile, many other states could follow suit amid the budgetary deficit created by pandemic-induced spending. Further, with the Democrats taking control of both Senate and House, pro-cannabis bills, such as the SAFE Banking Act and the MORE Act, could soon become laws. Amid the increasing optimism in the cannabis sector, *Euromonitor International* [has projected](#) the global legal cannabis market to grow at a CAGR of 27.7% over the next five years to reach US\$95 billion by 2025.

Given the high-growth prospects that the sector offers, I have chosen **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC), one of the largest cannabis companies, as my first pick. With Canada, the United States, and Germany accounting for 90% of the global cannabis sales, Canopy Growth focuses on these countries. It is expanding its Cannabis 2.0 product offering and improving the quality of its value products to increase its market share in Canada. With its seven ready-to-drink THC beverages and two ready-to-drink CBD beverages, the company has already acquired the lion's share in the Canadian cannabis-infused beverage segment.

In the United States, the company is expanding its Storz & Bickel vaporizer products' production capacity amid the increased demand for its products. It has also partnered with **Acreage Holdings** to introduce THC-infused beverages in California and Illinois this summer. Given the expansion in the

cannabis market, [I believe Canopy Growth would be a good long-term bet.](#)

TransAlta Renewable

The rising concerns over the impact of pollution on the environment have prompted the world to move towards clean energy to meet its energy requirements. With Joe Biden becoming the president of the United States, the sector has received a significant boost. Biden had announced a US\$2 trillion plan during his election campaign to boost investment in clean energy. Further, Frost & Sullivan had estimated that investment in green energy to reach \$3.4 trillion by 2030.

Given the sector's enormous growth potential, I have chosen **TransAlta Renewables** ([TSX:RNW](#)) as my second pick. The company currently operates 44 electricity-generating facilities. Meanwhile, it sells the power generated from these facilities through long-term PPAs (power-purchase agreements), which shields its financials from price and volume fluctuations. The weighted average life of these contracts stands at around 12 years, which is encouraging.

Along with organic growth, TransAlta Renewables also focuses on acquisitions to expand its business. Since going public in 2013, it has made \$3.4 billion worth of acquisitions. Last month, the company acquired three assets from **TransAlta Corporation**, which increased its power generating capacity by 303 megawatts. Meanwhile, the company has 2.9 gigawatts of power-generating facilities under evaluation. So, given its healthy growth prospects and growing interest in the renewable energy sector, TransAlta Renewables could deliver superior returns over the next 10 years.

CATEGORY

1. Cannabis Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:RNW (TransAlta Renewables)
3. TSX:WEED (Canopy Growth)

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