Got $2,000? 2 Canadian Stocks to Buy and Hold for the Long Term

Description

It doesn't take much to turn any portfolio into a millionaire maker. Let's look at **Shopify** for example. The stock started out at $35 per share when it came around. So if you only had $2,000 at that time, you would have bought up 57 shares. Fast forward to today and those shares are worth a whopping $75,639 as of writing. Or if you had sold at all-time highs, you would have had $108,300 in your portfolio!

Now granted, not every stock can be a Shopify stock. But if you're willing to hold onto your shares long term, you can make any portfolio into a millionaire maker. You just have to know where to look.

For the risk-averse

Let's say you want incredibly low risk and have just $2,000 to invest. I would look into the Canadian Big Six Banks first and foremost. These stocks have performed as some of the best in the world during downturns, and this one was no exception. While nobody could've prepared for the pandemic, these banks did in fact prepare for a downturn.

That's why shares from banks like **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) are up almost 70% in the last year! In fact, the company has surpassed pre-pandemic levels. On top of that, it offers a solid 4.66% dividend yield, the highest of the Big Six Banks.

But the stock is still a solid value play. It currently sports a price-to-book (P/B) ratio of 1.5, and a price-to-sales (P/S) ratio of 3.4. It has a strong future with the economic recovery, and investors can look forward to similar growth as we've witnessed in the last few decades. Shares are up 153% in the last two decades for a healthy compound annual growth rate (CAGR) of 4.75%.

So if you were to invest $2,000 today and the same growth occurred in the next four decades, you would have turned that original $2,000 into $216,187.24 without investing any more of your own money and simply reinvesting dividends.

For future growth

If you want solid growth a bit sooner and are willing to see some dips in the meantime, then I would look at the clean energy sector. Analysts predict about $10 trillion will be invested around the world into clean energy projects in the next decade. This leaves an ideal opportunity for investors to pick up stocks and hold on for the long haul to see massive growth.

A perfect choice would be **Brookfield Renewable Energy Partners LP** (TSX:BEP.UN)(NYSE:BEP). The company owns 19,000 megawatts of assets around the world in a diverse range of clean energy projects. Rather than investing in just solar or wind, you can have it all in multiple countries. This is why the company has already seen strong growth in the last few years.

Shares are up 72% in the last year, but 335% in the last decade for a 16% CAGR! But the company has a valuable 5.1 P/S ratio and 2.2 P/B ratio for investors to get in on, not to mention a 2.92% dividend yield. So if you were to invest that same $2,000 today, in four decades you could be sitting on $1,067,472.66 if the growth remains the same!

Bottom line

Why choose either? Investing in both of these stocks gives you access to less risk and more growth, with dividends from both that can be used to reinvest in these strong companies. And all of this is without adding a penny of your own money. Putting more cash toward these stocks during pullbacks will help you reach your goals, whatever they may be, far sooner than 40 years.

CATEGORY

1. Bank Stocks
2. Coronavirus
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TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:CM (Canadian Imperial Bank of Commerce)

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