



3 Canadian Stocks to Buy and Hold for Next 5 Years

Description

Investors can accumulate significant fortunes over a long period provided they are disciplined enough to be invested over the long term to harness the power of compounding. Investing over a long period shields your investments from short-term fluctuations while maximizing the returns. Meanwhile, selecting stocks with high-growth potentials is also equally important. Here are three such Canadian stocks you can buy right now.

goeasy

goeasy ([TSX:GSY](#)), which provides financial services to sub-prime customers, has comfortably outperformed the broader equity markets over the last five years by delivering over 410% returns. Meanwhile, the rally is not over yet and can continue its growth for several more years, given the underpenetrated sub-prime market and economic expansion.

Meanwhile, new product launches, penetration into newer markets, and an omnichannel business model augurs well with its growth prospects. The company's management expects its revenue to grow by double digits [over the next three years](#), while its return on equity could increase at a rate of over 25%, which is encouraging. Meanwhile, the company also pays quarterly dividends, with its forward yield standing at 2%, which is on the lower side. However, it has increased its dividends at a CAGR of 34% since 2014. So, investors can expect the company's yield to improve in the coming years.

Canopy Growth

With an increasing number of countries warming up to cannabis usage, the sector offers high-growth prospects. Research and Markets expects the global cannabis market to grow at a CAGR of 28% over the next six years. Amid the sector's high growth prospects, I have selected **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) as my second pick.

It is one of the financially strong cannabis companies, with its cash and cash equivalents standing at \$1.59 billion as of December 31. So, the company is well positioned to fund its growth initiatives. The

company has acquired a significant market share in the cannabis-infused beverage segment, which offers strong growth prospects.

Meanwhile, Canopy Growth is also expanding its product offerings to strengthen its market share in the Canadian recreational cannabis market. In the United States, the company focuses on growing its strategic business units and building infrastructure to increase its footprint. Also, Canopy Growth owns warrants to acquire **Acreage Holdings** as soon as the federal government legalizes cannabis. So, given its growth prospects, healthy liquidity position, and sectoral tailwind, I believe [Canopy Growth could deliver substantial returns](#) over the next five years.

Lightspeed POS

Many small- and medium-scale businesses have shifted to omnichannel solutions amid the pandemic. Along with this shift, increased adoption of online shopping has created a multi-year growth potential for **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)). Given its large customer base and innovative products, the company is well positioned to benefit from the expanding addressable market. Its high customer retention and growing average revenue per user are encouraging.

Apart from organic growth, Lightspeed POS also focuses on acquisitions to strengthen its market share and penetrate newer markets. Over the last few months, it has completed the acquisition of ShopKeep and Upserve while working on completing the acquisition of Vend. Further, the company has recently raised around US\$675 million, which could support its growth initiatives and future acquisitions. So, given the sectoral tailwind and its growth initiatives, I am bullish on Lightspeed POS.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:GSY (goeasy Ltd.)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:WEED (Canopy Growth)

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