2 Stocks for the Next 2 Decades

Description

No one can predict the future, yet a lot of our energy and resources are spent planning and preparing for the future. Companies spend considerable resources on financial forecasts and budgeting. Individuals spend years learning trades and building businesses that might carry them into financially safe futures.

For the most part, your future might be an extension of your present, but as the pandemic has taught us that no matter how intelligently you plan for the future, you can't take everything into account.

The phenomenon is even more pronounced in the stock market. We choose stocks based on their historical performance, even though everyone understands that a good past is no guarantee of a great future. Still, that's all we have to go on, and we might make an even worse decision if we don't try to learn from the past. So, if you are looking for stocks you might be able to hold onto for the next two decades, there are two that should be on your radar.

A golden company

There are relatively few assets that have truly stood the test of time as worthy possessions and investments, and gold is one of them. But direct exposure is not an option for most investors, and exposure via mining companies tends to follow the same pattern, so instead, you might consider investing in **Franco-Nevada** (TSX:FNV)(NYSE:FNV). It's a royalty and streaming company that might help you get the best out of the shiny gold investment.

Unlike mining companies that tend to have valuation cycles akin to gold prices — i.e., spiking when the market in general is weak and slumping during a strong market — Franco-Nevada has shown relatively stable growth. The company's share price has grown a bit over 950% in the last two decades, and even though there were bumps in the road, overall, the growth has been steady.

It's also a Dividend Aristocrat of 13 years, but the 0.79% yield is not potent enough to make it a worthy holding, at least not for 20 years. But it can be considered a bonus. The company has a 10-year CAGR of 18%, and if it can keep it up for the next two decades, it can turn $1,000 in the company today into

$27,000.

An insurance company

Intact Financial (TSX:IFC) is the leading property and casualty insurance company in Canada, and it has joined the ranks of aristocrats by growing its dividends for 16 consecutive years. The company has also been growing its investors' capital at an eerily steady pace for the last 12 years. It has a market capitalization of $22.4 billion and a solid balance sheet.

It offers a relatively more decent yield of 2.1% and a 10-year CAGR of 14.9%. So, if you invest $1,000 in the company today and it keeps growing at this rate for the next two decades, you will have a $16,000 nest egg to your name. What's more promising than the potential growth of the capital itself is the relative surety that the capital might keep growing in this stable company.

Foolish takeaway

Even if they underperform a bit, the two companies might have the potential to grow $2,000 into about $40,000 in two decades. That's the power of time and the right asset. And you don't have to stop at these two companies. Look for other businesses that might have the potential of steadily growing for decades in the future, and you can create a relatively secure long-term portfolio.

CATEGORY

1. Dividend Stocks
2. Investing
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TICKERS GLOBAL

1. NYSE:FNV (Franco-Nevada)
2. TSX:FNV (Franco-Nevada)
3. TSX:IFC (Intact Financial Corporation)

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