



3 Top Canadian Stocks to Buy and Hold for Next 5 Years

Description

It is tough to time the market. Instead, investors can reap higher returns by giving their investments more time to harness the power of compounding. By doing so, the investments will be shielded against short-term fluctuations while maximizing the returns. Meanwhile, selecting stocks with strong fundamentals and healthy growth prospects is also equally important. If you are ready to invest, here are three top Canadian stocks that you can buy and hold for the next five years.

Cargojet

Supported by its solid fundamental performance, **Cargojet** ([TSX:CJT](#)) has delivered impressive returns of 583% over the last five years at an annualized rate of 41.5%. The demand for the company's services has surged over the previous 15 months amid e-commerce growth and a decline in belly capacity due to the grounding of passenger aircraft.

Despite the expectations of normalization of e-commerce growth in the coming quarters, I will continue to be bullish on Cargojet due to its substantial market share, expansion plans in the international markets, competitive advantage, and long-term contracts with its clients.

The company has planned to add five new Boeing 767 freighters to its fleet over the next two years to expand its domestic and international networks. Its array of 29 aircraft and unique overnight delivery service to major Canadian cities provide Cargojet a significant competitive advantage over its peers. Further, the company earns around 75% of its revenue from long-term contracts, which provides stability to its financials.

goeasy

Through its expanded product offerings, omnichannel business model, and penetrating into newer markets, **goeasy** ([TSX:GSY](#)) has delivered robust performance over the previous 20 years, with its adjusted EPS growing at a CAGR of 24.9%. At the end of its March-ending quarter, the company's loan portfolio stood at \$1.28 billion. Given its [addressable market of \\$45 billion](#), goeasy has acquired

less than 3% of the market share. So, it has significant scope for expansion.

Meanwhile, goeasy recently closed the acquisition of LendCare Holdings, which could expand its product line, add new industry verticals, and improve its risk profile. So, given its scope for expansion and growth initiatives, I expect [goeasy to deliver superior returns over the next five years](#). The company has rewarded its shareholders by raising its dividend for the previous seven consecutive years at a CAGR of 34%. Currently, it pays a quarterly dividend, with its forward dividend yield standing at 1.8%.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) operates diverse utility assets, serving around one million customers. It also owns and operates several renewable power-generating facilities while selling the power from these facilities through long-term power-purchase agreements, shielding its financials from price and volume fluctuations.

Algonquin Power & Utilities provides a nice balance between stability and growth given its exposure to the high-growth renewable power sector and its low-risk utility business. Meanwhile, over the next five years, the company has planned to invest \$9.4 billion, including \$6.3 billion in the regulated utility business and \$3.1 billion in renewable energy. Along with these investments, the rate hikes and acquisitions of new assets could drive the company's financials in the coming quarters. The company has raised its dividend by over 10% for the last 11 consecutive years. Currently, the company pays \$0.2094 per share, representing a healthy forward dividend yield of 4.55%.

CATEGORY

1. Bank Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:CJT (Cargojet Inc.)
4. TSX:GSY (goeasy Ltd.)

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