



2 of the Best Canadian Stocks to Own for the Next Five Years

Description

With the **TSX Index** hitting all-time highs, it is difficult to know what Canadian stocks to own right now. In times of market uncertainty and volatility, it is important to have some diversity in your portfolio. Market commentators are currently debating about trashing your [technology stocks](#) and choosing only value/cyclical stocks. With inflation rising, there is certainly some merit to this. However, perhaps this thinking is slightly too short-sighted.

Certainly, despite the recent correction, many Canadian tech stocks are still pricey. However, it is important to remember that many of these growth businesses are involved in long-term disruptive trends that are literally transforming the world.

Own a balance of Canadian growth and value stocks

With all this in mind, it's important to adopt a mixed-basket approach. Own a mix of stocks benefiting from the inflation and pandemic recovery trade. Similarly, buy up some secular growth stocks while they are trading in the dumps. Given this, here are two unique Canadian stocks that are set to do very well over the next five years.

A top Canadian growth stock

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) came out with some really incredible results last week. For its 2021 fourth quarter, revenues grew by an impressive 127% to \$82 million. Likewise, it expanded gross transaction value (GTV) by 76% to \$10.8 billion.

Despite the challenges from the pandemic, [it still had its best year ever](#). For the year, it grew revenues by 84% to \$221 million. Recurring revenues were \$202 million for an impressive 91% of total revenues.

Of course, some of this was boosted by some great acquisitions made early this year and last year. However, the company really saw a surge in demand for its platform over its fiscal year. Retail and hospitality merchants flocked to its omni-channel platform during COVID-19 lockdowns. In fact, the

pandemic has massively accelerated a shift from legacy point-of-sales platforms to more flexible cloud-based platforms like Lightspeed's.

This Canadian growth stock is in the right place at the right time. It now has a global scale and a broad range of product offerings. These are not just attractive, easy-to-use applications for merchants, they are essential.

This bullish thesis is further bolstered by management's aggressive 2022 outlook. Right now, it targets revenues to be in the range of \$430 million to \$450 million. That would be an increase of between 95% and 103%! Given this growth opportunity, this is a great Canadian stock to buy and hold for the long-run.

One of the world's largest asset managers

On the flip side, for the more value-focused investor, I would recommend **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)). In its own unique way, this Canadian stock is sitting in the sweet spot. As one of the world's largest alternative asset managers, it has demonstrated some very strong operational momentum. Low interest rates have drawn many institutional investors to its higher-yielding funds and products.

There is no better cash yielding alternative today than alternative assets. Assets like real estate, infrastructure, renewables, private equity, and specialty debt garner stable, attractive cash flowing returns. BAM has the rapport and expertise to manage these assets at scale.

This year, this Canadian stock has started to harvest past investments at very attractive rates of return. The best part is that it gets a stake in the profits of the funds it manages. Consequently, in its first quarter of 2021, it grew its funds from operation (FFO) per share by a whopping 227%!

Overall, this business has a diverse set of operations. As a result, I don't see fund raising slowing any time soon. The more funds it manages, the larger its fee-bearing earnings and the greater its capacity to earn carried interest.

Likewise, if it can harvest historic gains today, it can then redeploy them when markets slip and assets are cheap again. In many senses, this Canadian stock can win in just about any market over the long-term. Don't forget that it still trades at a steep discount to its plan value, which is it's a top stock today.

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2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:BN (Brookfield)
4. TSX:LSPD (Lightspeed Commerce)

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