Top 5 Canadian Stocks to Buy Now and Never Sell

Description

It's that time of year when the stock market is riding the Santa Claus rally. But the pandemic scare is erupting once again, with the flu season increasing COVID cases in Europe. What turn this wave will take is difficult to say. In such uncertain times, I have identified five stocks that you can buy now and never sell.

- **Enbridge** (TSX:ENB)(NYSE:ENB)
- **BCE** (TSX:BCE)(NYSE:BCE)
- **Constellation Software** (TSX:CSU)
- **Descartes Systems** (TSX:DSG)(NASDAQ:DSGX)
- **Hive Blockchain Technologies** (TSXV:HIVE)(NASDAQ:HVBT)

Enbridge stock

Enbridge stock fell 6.1% since the start of last week despite posting strong earnings. There are two reasons for the dip. First, the company's third-quarter GAAP (generally accepted accounting principle) profit fell to $682 million from $990 million in the same quarter last year. Second, its peer **TC Energy** reduced its dividend growth outlook from 5-7% to 3-5% per year. These two factors probably created a correction in Enbridge stock post-earnings.

However, Enbridge carries a legacy of 26 years of dividend growth at an average annual rate of 10%. It is unlikely to break its record. Moreover, it has maintained its 2021 discounted cash flow outlook at $4.7-$5, which means a 4% to 6% dividend growth is likely in December. This is a good time to lock in a 6.58% dividend yield before it begins to rally again.

BCE stock

In the bull market, BCE is another stock that failed to overcome the September correction. The telecom operator reported satisfactory earnings, but its free cash flow (FCF) fell 44.8% year over year as it diverted cash to build the 5G infrastructure. This could reduce its dividend growth rate because of which the stock is not riding the bull run. But the 5G opportunity brings significant capital appreciation and dividend growth after two years. You can lock in a 5.4% dividend yield and see a 50-60% capital appreciation in the next five years if you buy this stock now.

Constellation Software

I generally don't recommend a high-priced stock, but Constellation Software is an exception. This company is in a long-term uptrend growing through acquisitions, accruing cash flow, and using it for more acquisitions. If you thought $2,000 per share was expensive in October, Constellation stock has surged to around $2,200, representing a 7.9% growth in the last 40 days. The stock can continue to grow as it realizes acquisition synergies. It has surged 253% in the last five years and can continue growing with its resilient business model of providing mission-critical services.

Descartes stock

Descartes Systems is a resilient stock in the long-term uptrend. The supply chain management (SCM) solutions are the need of the hour as the reopening of the economy has revived demand. There is a global supply chain crisis as factory closures created shortages. Before that, there was the United States-China trade war. And now, the proliferation of e-commerce is making SCM solutions all the more necessary. Descartes can continue to deliver 20-30% growth annually for a long time.

This stock has surged 268% in the last five years and can grow another 100% or more in the coming five years. Although the stock has already surged 14% from its September dip, it is still a buy because of its potential to surge further.

Hive

Unlike the above four shares, Hive is a highly volatile stock. Its stock price is determined by Bitcoin and Ethereum price movement. Cryptocurrency in itself is quite volatile for several reasons. Hive reported record earnings on Monday. You can be amazed at its 305% revenue growth and 433% earnings per share growth. Despite this growth, Hive stock fell almost 5% as its fundamentals don't play a bigger role. But this is a stock to hold for the long term as it is the first time crypto fever stayed for over a year. This hints that crypto is here to stay, and Hive is a safe way to get exposure in Bitcoin.

Foolish takeaway

I expect the above five stocks to generate an average return of 10% in the next five years. The 20% plus increase in growth stocks can fill the gap in dividend stocks that do not give much capital appreciation. At the same time, regular dividends can offset any dip in growth shares.

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2. NYSE:BCE (BCE Inc.)
3. NYSE:ENB (Enbridge Inc.)
4. TSX:BCE (BCE Inc.)
5. TSX:CSU (Constellation Software Inc.)
6. TSX:DSG (The Descartes Systems Group Inc)
7. TSX:ENB (Enbridge Inc.)
8. TSXV:HIVE (Hive Blockchain Technologies)

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