Where to Invest $5,000 for the Next 5 Years

Description

In investing, there's always the slight chance that investors can pick that one stock that explodes over a short time. However, for the most part, investing should be thought of over the long term. Planning on holding stocks for the next five or more years, should become a habit. This sort of timeframe would give stocks an opportunity to have investment theses play out. In this article, I'll discuss three stocks that investors should consider buying with $5,000 over the next five years.

Buy one of the Canadian banks

In my opinion, a bet on the Canadian banking industry is a bet on the Canadian economy. This is because the Canadian banks hold such an important role in our economy. The leading companies in that industry are some of the largest companies in the country. As of this writing, four of the eight largest Canadian companies (by market cap) are banks. The fifth-largest bank comes in as the 14th-largest Canadian company. Of that group, my top pick is **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS).

What interests me about Bank of Nova Scotia is its focus on its international business. The company has realized that future growth is more likely to come from outside of Canada. That's why it has positioned itself in very specific international markets like the Pacific Alliance region. In its latest earnings presentation, Bank of Nova Scotia reported that its international business was driving income growth. It reported a year-over-year increase of 50% in net income in its international segment.

Invest in this reliable company

Canadian National Railway (TSX:CNR)(NYSE:CNI) is another stock that investors should consider holding over the next five years. This is Canada's largest railway company, operating nearly 33,000 km of track. What interests me about this company is its dominance in the Canadian railway industry. In Canada, there are only two players in this industry, and Canadian National's presence is much more formidable.

In addition, there isn't another way to transport large amounts of goods over long distances, if not via rail. That suggests that the industry could continue to see a lot of demand in the coming years.

Canadian National Railway is also a leader among the Canadian Dividend Aristocrats. That's a group of stocks that have raised dividend distributions for at least five consecutive years. Canadian National has managed to increase its dividend in each of the past 25 years. That makes it one of only 11 Canadian companies to hold that distinction.

This stock should interest dividend investors

Speaking of dividends, investors should take note of **goeasy** (TSX:GSY). This is perhaps one of the most exciting *dividend* stocks in Canada. Over the past eight years, goeasy's dividend has grown at a CAGR of more than 34%. If the company was able to maintain that dividend growth over the next five years, investors could be looking at a quarterly dividend of $4 per share. That's incredible, considering goeasy was only paying $0.085 per share back in 2014.

Supporting this excellent dividend growth rate is a very low payout ratio (32%). That suggests that the company could comfortably continue to increase its dividend over the coming years. If you're a dividend investor hoping to land a stock that can grow your passive income, look no further than goeasy.

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2. NYSE:CNI (Canadian National Railway Company)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:GSY (goeasy Ltd.)

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