



2 TSX Stocks That Could Grow Your Portfolio Over the Next Decade

Description

Over the long term, no other asset class outperforms the stock market. By choosing stocks that can [beat the broader market](#), investors can see massive returns over the long run. That's exactly what has happened to **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) and **Constellation Software** (TSX:CSU) investors since their respective IPOs. In this article, I'll discuss why both stocks could continue to grow your portfolio over the next decade.

Why you should invest in Brookfield Asset Management

For those that are unfamiliar, Brookfield Asset Management operates and invests in real assets. These are assets that have intrinsic value due to their properties. Through its subsidiaries, Brookfield has exposure to the infrastructure, insurance, real estate, renewable utility, and private equity markets.

All considered, Brookfield's portfolio consists of nearly US\$725 billion of assets under management. What's even more impressive is how fast Brookfield's portfolio has grown over the past four years. In 2018, the company reported having about US\$283 billion of assets under management. That means that [Brookfield's](#) portfolio has grown at a compound annual growth rate (CAGR) of 26%. If the company can continue this growth over the next couple of years, its portfolio will surpass the US\$1 trillion threshold.

If you had invested \$10,000 in Brookfield stock on August 1, 1995, your position would be worth nearly \$420,000 today. That represents an average annual return of nearly 15%. To put that into perspective, a \$10,000 investment in the **TSX** over the same period would have turned into about \$43,000 today. That represents an average annual return of about 5.5%.

In addition to Brookfield's outstanding stock appreciation, investors have been rewarded with an excellent dividend. Listed as a Canadian Dividend Aristocrat, Brookfield has managed to increase its dividend in each of the past nine years. Whether you're in it for the growth or its dividend, Brookfield would be a great stock to hold over the next decade.

Why you should become a Constellation Software shareholder today

If you think Brookfield stock has been impressive, then wait until you read about Constellation Software. Like Brookfield, this company has made a solid business out of acquiring assets. For most of its history, Constellation Software has targeted small- and medium-sized vertical market software (VMS) companies for acquisition. However, in February 2021, the company announced that it would start considering large VMS businesses as possible acquisition targets.

If you had invested \$10,000 into Constellation Software stock on October 25, 2007, your position would be worth more than \$1,066,000 today. That represents an average annual return of more than 37%. Over that same period, the TSX would have generated an average annual return of about 2%. A \$10,000 investment would be worth about \$14,000 today.

Constellation Software was founded in 1995 by Mark Leonard. Today, Leonard still leads the company as its president. Very few Canadian executives have managed to build the same sort of resume as Leonard during his years at Constellation Software. As long as he remains at the head of this company, I believe investors could continue to see massive gains.

CATEGORY

1. Investing
2. Stocks for Beginners

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2. TSX:BN (Brookfield)
3. TSX:CSU (Constellation Software Inc.)

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