These 2 Canadian Stocks Could Carry Your Portfolio for Years

Description

The **S&P/TSX Composite Index** dropped 187 points on Tuesday, August 2. Only the health care, information technology, and utilities sectors were able to close the day in the black. Canadian investors have been forced to battle volatility since the middle of the spring. High inflation, rising interest rates, and the threat of a looming recession means turbulence may be here to stay in the near term.

Today, I want to look at two Canadian stocks that investors can trust for years and potentially decades to come. Let's dive in.

This Canadian stock is a profit machine that offers growth and income

TD Bank (TSX:TD)(NYSE:TD) is the second-largest of the Big Six Canadian bank stocks. Canadian bank stocks offer an attractive balance of capital growth and income to investors on the hunt for a long-term hold. Moreover, this profit machine has proven resilient, even in the face of the Great Recession in the late 2000s. Shares of this Canadian stock have dropped 16% in 2022 as of close on August 2. The stock is now down marginally in the year-over-year period.

This bank is set to release its third-quarter 2022 earnings on August 25. In the first half of fiscal 2022, the bank reported adjusted net income of $7.54 billion, or $4.09 per diluted share — up from $7.15 billion, or $3.86 per diluted share, in the previous year. Its Canadian and United States Retail Banking segments have continued to post net income growth due to strong loan and deposit volumes.

Interest rate hikes have put pressure on Canada's red-hot housing market. This tightening rate environment may limit loan growth for TD Bank and its peers. However, it will also serve to bolster profit margins.

Shares of this Canadian stock currently possess a favourable price-to-earnings (P/E) ratio of 10. This stock offers a quarterly dividend of $0.89 per share. That represents a solid 4.3% yield.

Don’t sleep on this Canadian stock, as automation transforms the global economy

ATS Automation (TSX:ATA) is a Cambridge-based company that provides automation solutions to a global client base. This Canadian stock has plunged 18% so far in 2022. Its shares are still up 9.2% in the year-over-year period.

Canadian investors should be eager to get in on the automation space. Fortune Business Insights recently estimated that the global industrial automation market was worth $191 billion in 2021. The report projects that the market will grow to $395 billion in 2029. That would represent a compound annual growth rate (CAGR) of 9.8% over the forecast period.

This company is expected to release its next batch of results next week. In fiscal 2022, ATS Automation delivered revenue growth of 52% to $2.18 billion. Meanwhile, adjusted basic earnings per share more than doubled in the year-over-year period to $2.17. Its Order Bookings rose to $2.45 billion compared to $1.62 billion at the end of fiscal 2021.

ATS Automation last had a solid P/E ratio of 30. This Canadian stock is on track for very promising earnings growth in the year ahead.

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