



2 U.S. Stocks Canadian Investors Can Buy and Hold Forever

Description

Canadian investors have easy access to the equity markets south of the border. Most large brokerages in Canada allow investors to purchase U.S. stocks that offer diversification. While there are risks associated with foreign currency when you invest in international markets, the United States is the world's largest economy that has created massive wealth for long-term investors.

Let's take a look at two blue-chip, [dividend-paying stocks](#) that investors should buy now and hold forever.

A cloud heavyweight

One of the largest companies in the world, **Microsoft** ([NASDAQ:MSFT](#)) increased sales by 12% year over year in the fiscal fourth quarter (Q4) of 2022 (ended in June). Comparatively, its net income was up 2% in the quarter. A key driver of sales was Microsoft's intelligent cloud business on the back of the global shift towards digital transformation.

The Azure vertical, which is part of Microsoft Cloud, rose 40% year over year, which was higher than peers, including **Amazon** Web Services and **Alphabet's** Google Cloud, where revenue surged 33% and 36%, respectively.

A report from Synergy Research Group forecasts Microsoft accounts for 21% of the cloud service market. Further, Statista expects the public cloud market to touch US\$552 billion in 2027, up from US\$364 billion in 2021.

Microsoft is increasing market share in a rapidly expanding market, and the company is forecast to increase sales by 11.4% to US\$221 billion in fiscal 2023 and by 14% to US\$251.5 billion in fiscal 2024. Comparatively adjusted earnings are estimated to rise by 15.4% annually in the next five years.

MSFT stock is valued at 28 times forward earnings, which is not too steep given the company's wide economic moat. Further, it also pays investors a dividend yield of 0.9%. Given consensus estimates, Microsoft is trading at a discount of 20% right now.

A recession-resistant stock

A Warren Buffett favourite, **Coca-Cola** ([NYSE:KO](#)) is among the most popular brands in the world. Valued at a [market cap](#) of US\$275 billion, Coca-Cola offers investors a dividend yield of 2.8%. It is a safe stock to own amid challenging market conditions.

For example, while the S&P 500 index is down 11% in 2022, shares of the beverage giant are up 9% year to date. It's imperative to preserve capital while investing, and Coca-Cola offers the right amount of risk to reward for most investors.

Coca-Cola's price to 2022 earnings might seem expensive at 26, given earnings are forecast to rise by 5.5% annually in the next five years. But the company's stable cash flows and strong balance sheet allow the stock to trade at a premium.

While most companies globally are struggling to expand revenue and profit margins in 2022, Coca-Cola's sales were up 12% year over year in the most recent quarter. Further, adjusted earnings also rose by 4% compared to the year-ago period.

Coca-Cola is a Dividend King and has increased its dividends for 60 consecutive years. Its payout ratio is sustainable, and investors can expect further increases in the future due to the defensive nature of its business, strong product portfolio, and stellar financials.

In the last 10 years, Coca-Cola stock has returned 261% to investors since August 2012 in dividend-adjusted gains, while the S&P 500 is up 121% in this period.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:MSFT (Microsoft Corporation)
2. NYSE:KO (The Coca-Cola Company)

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Date

2025/08/16

Date Created

2022/08/13

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