$5,000 Invested in These 3 Stocks Could Make You Rich Over the Next 20 Years

Description

If you invest your money across a diversified group of businesses with growth potential over the next 20 years, you can make substantial progress on your retirement plan. If possible, save and invest regularly. Do you have $5,000 to invest now? Here are a few stocks with immense long-term growth potential.

The top Canadian bank stock to bank on

One advantage for stockholders investing in smaller-sized companies is that their returns could be higher from the companies achieving higher growth. In the past 10 years, Canada's sixth-largest bank, **National Bank of Canada** (TSX:NA) stock delivered the highest rate of return of 12.2% versus the industry average of 10.6%. Closely following National Bank's outperformance were **RBC** stock's and **BMO** stock's returns of 11.8% and 11.5%, respectively.

Although past returns are history, they can still be indicative of future returns, especially since the bank is fairly valued today. What would $5,000 invested in National Bank of Canada stock turn into in 20 years, assuming a return of 12% per year? It'd be $48,231!

Remember that it pays a safe yield of 3.9% on a sustainable payout ratio of 36%. The bank has paid dividends for about 132 years. In fact, it has increased its dividend over time. For reference, its 10-year dividend-growth rate is 7.8%.

National Bank of Canada is the most Canadian bank in that it generates close to 80% of its revenues domestically. It has taken a dominant position in the province of Quebec that makes up more than half of its revenue. So, its results are primarily tied to the health of the Canadian economy, particularly the economy of Quebec.

A large growth stock to make you rich

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) is another stock that can make you rich.

It’s a large, alternative asset manager that owns, operates, and invests assets across real estate, infrastructure, renewable power, private equity, and credit. It’s also diversified globally with operations in more than 30 countries.

It manages public and private investment products, from which it earns management fees. It has about US$750 billion of assets under management, of which more than half are fee bearing.

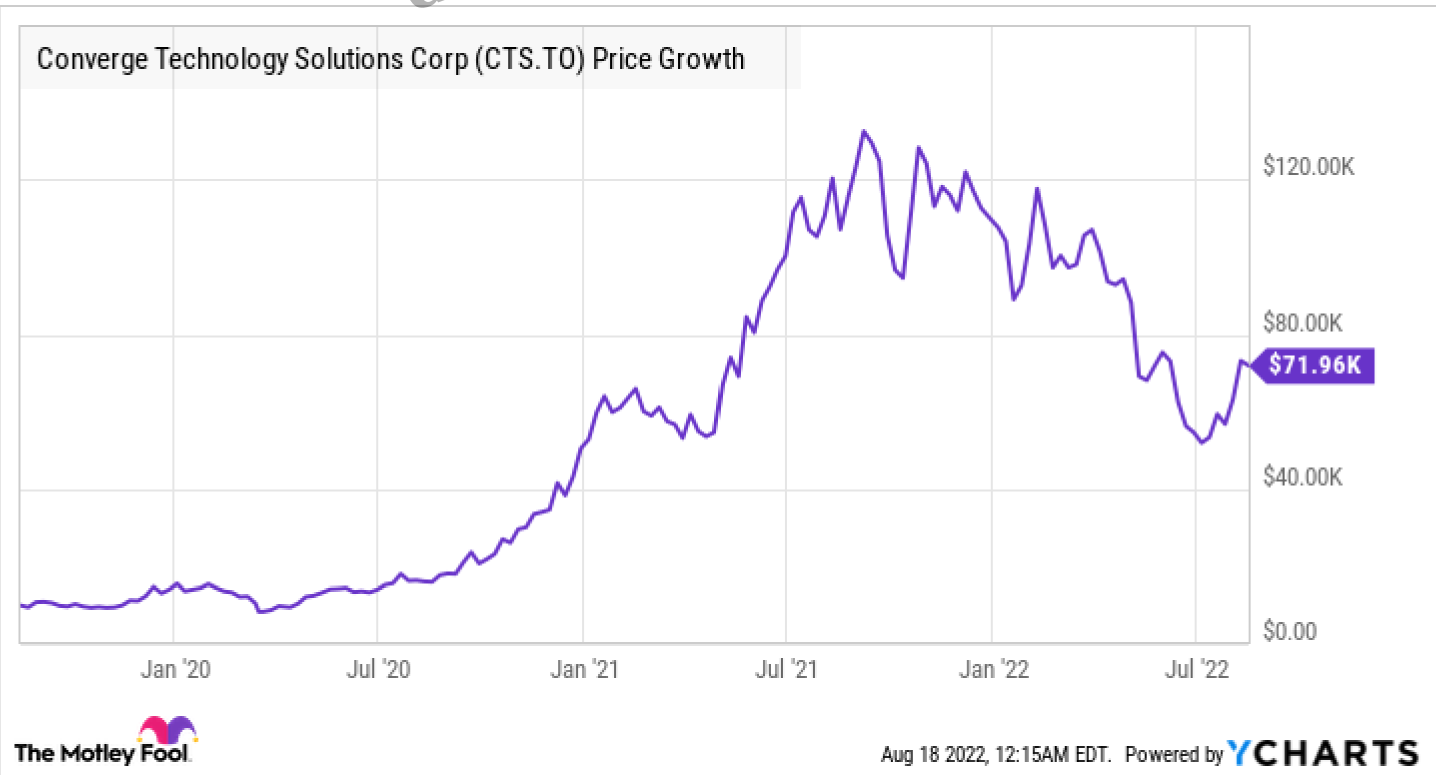
In the past decade, the large-cap growth stock returned 17.5% annually. Analysts think the stock is undervalued right now. Indeed, the stock is still 15% below its 2021 high, while the business has been as strong as ever. As proof, its fee-bearing capital, fee-related earnings, accumulated, unrealized carried interest, and distributable earnings (before realizations) all set record highs in the last quarter.

An investment of $5,000 in BAM stock would turn into $115,528 in 20 years, assuming a return of 17% per year.

A young tech stock that can be rewarding

Converge Technology Solutions (TSX:CTS) is a profitable, young tech stock that has been growing fast. The company was only founded in November 2016, but it has already hit an annualized revenue of $2 billion.

A part of its growth strategy is serving the mid-market and making suitable acquisitions that expand its product offering or geographical reach. It’s then able to cross-sell its diverse products and services across its customer base and expand margins.



CTS data by YCharts

Despite its market cap shrinking by about a third in the last year, the growth stock has still grown investors' money seven-fold in the last three years. Analysts think the tech stock is undervalued by 36%. Investors with a 20-year investment horizon could potentially become super-duper rich by taking a $5,000 position in Converge today.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. TSX:BN (Brookfield)
3. TSX:NA (National Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. kayng
2. kduncombe

Category

1. Investing

Date
2025/08/21
Date Created
2022/08/18
Author
kayng