Got $5,000? 3 Stocks to Hold for the Next 20 Years

Description

Inflation slowing down of late is a positive sign for growth stocks. While we are still not out of the woods completely, names could see upward momentum continuing in the short to medium term. It will be important to see how inflation and rate hikes play out in the next few months. However, this could be an opportune time to pick TSX stocks that have seen steep corrections recently.

Here are top TSX stocks that offer handsome growth potential for the long term.

Nuvei

Canadian payment processor **Nuvei** (TSX:NVEI)(NASDAQ:NVEI) stock has shown significant weakness since late last year, which is in line with its peers. It has dropped 45% this year, notably underperforming TSX stocks at large.

However, NVEI stock could be ripe for a reversal given the recent correction and change of course in macro indicators. Plus, Nuvei will likely continue to see decent financial growth as guided by the management. In the second quarter (Q2) 2022, the fintech company reported 19% growth year over year, led by a 38% increase in volumes.

Nuvei has a diversified revenue base and expects to increase it by over 30% annually in the long term. Apart from the handsome revenue growth, the management is confident of generating an adjusted EBITDA margin of over 50% in the long term. Nuvei has a healthy margin profile and consistently generates a gross margin of around 80%.

Along with its quarterly earnings, interest rate increases will have a significant impact on NVEI stock. So, if the policy tightening slows, and Nuvei sees superior earnings growth, NVEI stock should see a meaningful recovery.

Fortis

Even if you are a growth investor, consider allocating a portion to defensive investments. Top Canadian utility **Fortis** (TSX:FTS)(NYSE:FTS) is one of the top defensive stocks on the TSX. It earns stable cash flows and pays regular dividends. FTS stock yields a decent 3.5%, which is in line with its peers.

Interest rates and utility stocks generally trade inversely. So, as the rate-hike cycle changes course, utility stocks like Fortis could move higher. In addition, Fortis stock has a low correlation with broad market indices, which plays well in bearish markets.

Also, Fortis has a long dividend payment history and offers reliable dividends. Even in case of an economic downturn, utilities like Fortis earn stable cash flows, which facilitate consistently growing dividends.

Fortis might not be an apt pick for all kinds of investors, as it moves slowly and underperforms markets in the short term. However, if you have a long-term horizon and a relatively low-risk appetite, FTS should be on top of your watchlist.

Suncor Energy

Canada's oil sands giant **Suncor Energy** (TSX:SU)(NYSE:SU) stock looks attractive after its recent correction. Its superior dividend- and earnings-growth potential will drive the stock higher in the short to medium term.

Suncor Energy expects a notable improvement in its net debt, as its windfall free cash flows facilitate faster deleveraging. Once it achieves the net debt target, the management could allocate a significantly higher portion of its cash flows towards dividend payments.

Suncor Energy stock currently yields a decent 4.4%, which is higher than TSX stocks but lower than its peers. The stock has gained 88% in the last 12 months, underperforming peers. Still, given the strong price environment, improving balance sheet, and undervalued stock, Suncor Energy could create considerable value for its shareholders.

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TICKERS GLOBAL

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2. NYSE:FTS (Fortis Inc.)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:FTS (Fortis Inc.)
5. TSX:NVEI (Nuvei Corporation)
6. TSX:SU (Suncor Energy Inc.)

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