



## Where to Invest \$1,000 for the Next 5 Years

### Description

Canadians investing in the stock market should do so with a long-term horizon as it might take investors several years to benefit from compounded gains and build wealth over time. Most financial experts advise investors to buy and hold investments for at least five years to derive outsized gains.

So, let's see where Canadians can invest \$1,000 for the next five years right now. I have analyzed two [dividend-paying](#) blue-chip stocks you can buy for \$1,000 and hold them for at least five years.

### Canadian National Railway

One of the largest companies in the country, **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) is valued at [a market cap](#) of \$110 billion. The blue-chip company engages in the rail transport business. It moves goods ranging from petroleum and chemicals to grains, fertilizers, coal, metals, and minerals.

Canadian National Railway operates a network of 19,500 route miles of track across Canada and the U.S.

In the last decade, Canadian National Railway stock has surged by 255%. After accounting for its dividends, total returns have amounted to 320%. Despite its stellar returns, the company still offers investors a forward yield of 1.8%.

In the June quarter, CNR reported record sales of \$4.3 billion, an increase of 21% year over year, due to volume growth, higher fuel surcharge revenue, and robust yield management. After increasing sales 5% to \$14.5 billion in 2021, the company is forecasting sales to touch \$16.8 billion this year.

Canadian National's operating ratio rose 260 basis points to 59% in Q2 despite an inflationary environment, indicating the rail operator can easily absorb rising costs and still improve profit margins. In the June quarter, the company's earnings per share surged 30% to \$1.93 per share.

Analysts tracking the stock expect CNR to raise adjusted earnings at an annual rate of 15% in the next five years, which is quite impressive. Right now, CNR stock is valued at 22.5 times forward earnings.

## Brookfield Renewable Partners

Valued at \$31.4 billion by market cap, **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) is among the largest clean energy companies in the world.

It owns a portfolio of renewable power generating facilities in North America, Europe, Brazil, Colombia, China, and India. BEP generates electricity via hydro, wind, solar, pumped storage, and distributed generation. The renewable power portfolio consists of 21,000 megawatts of installed capacity.

Shares of the renewable energy giant are trading 20% below all-time highs, but the pullback has increased its dividend yield to a tasty 3.3%.

Approximately 90% of BEP's cash flows are contracted with an average term of 14 years. These cash flows are well diversified across regions and clean energy sources.

Due to its predictable cash flows, Brookfield has increased its dividends at an annual rate of 6% since 2013. The transition toward clean energy solutions will gain pace in the upcoming decade globally, which should drive earnings, free cash flow, and dividends higher for Brookfield Renewable Partners in the upcoming decade.

The company already has a development pipeline of 69,000 megawatts of projects, effectively more than tripling its current installed capacity. To expand its base of cash-generating assets, Brookfield will deploy over US\$1 billion via capital expenditures in the next five years.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:CNR (Canadian National Railway Company)
2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. NYSE:CNI (Canadian National Railway Company)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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