



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

Description

If you find yourself up at night worrying about your stock portfolio, it might be time to extend your investment horizon. Day-to-day market price action can be unpredictable, [volatile](#), and irrational.

Consequently, living by price action (monitoring stock prices, following market pundits, reading financial news) can be downright confusing and frustrating.

Forget the stock market: Buy great businesses

That is why investors need to have long time horizons. [Warren Buffett](#) said, “I never attempt to make money on the stock market. I buy on the assumption that they could close the market the next day and not reopen it for five years.”

His point is that you can’t control the stock market. However, you can control your temperament, your time frame, and what businesses you choose to hold.

Once you find a great business, your best action is to hold it and add some years onto your investment timeframe. If you got 20 years and a few thousand dollars to invest, here are three stocks to consider right now.

Constellation Software stock

Any time **Constellation Software** ([TSX:CSU](#)) stock corrects, [long-term investors](#) get a great buying opportunity. With a 2,000% return over the past 10 years, Constellation is one of the best-performing stocks in Canada.

While its stock is down 9% this year, it continues to demonstrate strong results from its growth-by-acquisition strategy. Last quarter, revenue grew by 30% and net income rose 43%. The company has had several record years deploying capital into new vertical market software businesses.

While it may take time, those acquisitions will eventually produce very nice earnings and cash flow. Constellation has a great management team, high insider ownership, and smart capital allocators around the world. For a long-term, high-compounding business, this is one of my favourite stocks.

Brookfield Infrastructure Partners

Brookfield Infrastructure Partners ([TSX:BIP.UN](#))([NYSE:BIP](#)) is another stock I'd have no problem holding for the next 20 years. Infrastructure is core to our modern civilization. Everyone needs heat, power, water, transportation, and [data](#) and cellular coverage. These are exactly the types of assets Brookfield owns, operates, and acquires across the world.

Given the essential nature of its services, the company consistently generates reliable cash flows. It has numerous opportunities to grow organically, and it has a great balance sheet to acquire assets if they become cheap during a recession.

With BIP stock you get a solid 3.3% dividend today, high single-digit annual dividend growth, and a low-risk operational model that should support long-term total returns ahead.

CP Rail stock

If you just want a [blue-chip stock](#) with a track record of excellent returns, **Canadian Pacific Railway** ([TSX:CP](#))([NYSE:CP](#)) is a tremendous long-term stock. Over the past decade, it has compounded returns by a 20% annual rate. If you put \$10,000 into this stock in 2012, it would worth \$63,365 today!

CP has been one of the best managed railroads since its current chief executive officer Keith Creel took over. The company has a strong network and a lot of real estate that could be developed further.

However, its biggest long-term growth driver could be the addition of Kansas City Southern Railway to its network. Combined, CP could be the sole key rail line that crosses Canada, America, and Mexico. Talk about a great competitive growth opportunity!

The Foolish takeaway

If you got cash, the best time to buy stocks are in bear markets, when stocks are cheap. Take these opportunities to upgrade your portfolio to best-in-class businesses and then hold them as long as they remain that way!

CATEGORY

1. Investing
2. Stocks for Beginners

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1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:CP (Canadian Pacific Railway)

3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:CP (Canadian Pacific Railway)
5. TSX:CSU (Constellation Software Inc.)

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