



3 Stocks For Over 5x Growth In The Next Two Decades

Description

Choosing the right growth stocks for your portfolio requires balancing your risk tolerance with how rapidly you want your capital to grow. Powerful growth stocks might seem attractive but are not always the [safest](#). And safe, blue-chip growth stocks might not grow at the pace you're looking for.

Still, at least three stocks strike this balance well if the pace you're looking for is about 500% growth in two decades. That's assuming they'll repeat their performance from the last decade.

A heavy equipment company

Toromont Industries ([TSX:TIH](#)) is a heavy-equipment giant in Canada. The business has two operating groups – equipment and refrigeration (under the name CIMCO), but the equipment group makes most of the company's revenue. And its revenue is split two ways (not equally), between equipment sales and product support.

This has been a stable business for quite some time, and the company has an additional edge as one of the largest Caterpillar dealers in the world. This stability has brought adequate growth, and the stock has risen almost 400% in the last decade alone.

At this rate, it may offer you an 8x increase in the next two decades, more if you add in the dividend-based returns. It's also an established dividend aristocrat, currently offering a 1.5% yield.

This stock is trading at an 18% discount now, which has more to do with market pressures. In the last few weeks, insiders have sold off a lot of their Toromont stocks, which naturally discourages investors. But the company's fundamental strengths are still intact.

A tech company

Tech has almost always been one of the fastest-growing sectors in Canada, and **Open Text** ([TSX:OTEX](#))([NASDAQ:OTEX](#)) is an excellent example of the growth potential of [tech stocks](#). Open Text

is a Waterloo-based software company with its main focus on providing an integrated portfolio of information management solutions to businesses across the world. In the 10 years between Feb 2010 and Feb 2020, the share price grew almost 400%.

That period might be a better reflection of Open Text's growth potential than the last ten years because the stock is still in the midst of the tech sector's correction phase. While Open Text stock has been affected by the tech meltdown, its strong fundamentals and continued demand from the supply chain industry have helped it outperform most other Canadian tech stocks.

It has fallen over 42% since its last peak, and the slump might continue for a while. This has pushed the yield up to 3.1%, which is relatively high considering the company's dividend history.

One potential cause of this downfall is the \$6 billion deal it's about to make with UK company Micro Focus International, which would be the largest acquisition in Open Text history. And it's funding the bulk of this deal through debt. On a brighter note, this deal is expected to help Open Text significantly accelerate financial growth and expand profitability over the long-term.

A waste management company

Waste Connections ([TSX:WCN](#))([NYSE:WCN](#)) is one of the safest growth investments in Canada that can offer you much more than 5x growth in the next two decades. Assuming it can replicate its over 500% growth in the last decade for the next 20 years. It's worth noting that the company has an 18-year track record of delivering positive shareholder returns.

Safety comes from its business model and the extent of its operations. It's a solid waste management company that caters to residential and commercial customers, making it an essential business like utilities, and also an evergreen one. 60% of its operations are in secondary or rural markets meaning it faces less competition and enjoys higher margins. As a strategic advantage, the company has waste-disposal sites located closer to waste generation sites, saving transportation expenses.

WCN has a considerable presence in the U.S. and Canada, and the company continuously makes strategic acquisitions to further expand its presence and strengthen its market share. If the business starts expanding into renewable recycling/battery recycling, a business line that's expected to gain traction with the rise of EVs, it may become an even more compelling investment.

Foolish takeaway

All three of these stocks can help you achieve 5x growth in well under two decades, assuming they maintain their current growth pace. This prediction isn't set in stone, but when you consider the stability of these companies, the sectors they're in, and their positions in their respective sectors, you can make reasonable assumptions about their success and growth potential.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

4. Tech Stocks

TICKERS GLOBAL

1. TSX:OTEX (Open Text Corporation)
2. NASDAQ:OTEX (Open Text Corporation)
3. NYSE:WCN (Waste Connections)
4. TSX:TIH (Toromont Industries Ltd.)
5. TSX:WCN (Waste Connections)

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