



## 2 Stocks That Could Grow Your Portfolio Over the Next Decade

### Description

The best way to multiply your money is to stay invested in growth stocks with strong fundamentals for a decade. It's [Warren Buffett's](#) tried and tested method. He buys stocks of companies in which he wants to stay invested for a decade. How do you identify these stocks?

### Your long-term stock portfolio

Historical performance does not guarantee future returns. Hence, you look at the company's management, growth strategy, profit and revenue growth, balance sheet, and ability to handle a crisis. Companies that can find opportunities in a weak economy end up prospering during economic rebounds.

If you're an Iron Man fan, you must have heard him say, "Heroes are made by the paths they choose, not the powers they are graced with." Similarly, solid companies can grow stronger when they face a crisis.

## Two stocks that could grow over the next decade

Here are two large-cap stocks that are entering the next phase of growth and can help you generate wealth in the long-term.

### BCE stock

Canada's largest telecom operator **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) is a stock to buy and hold till the [5G](#) revolution reaches its peak. BCE has accelerated its capital spending to build the fibre and 5G infrastructure that connects the most remote areas of Canada. Spending \$14 billion in three years might sound crazy, but the expected returns are even crazier.

The fifth generation communication technology has the potential to make autonomous cars a reality.

You could see drones handling traffic while smart surveillance cameras facilitate face recognition. This kind of artificial intelligence (AI) needs high-speed, very-low latency internet connectivity for billions of edge devices. Even a 10-second lag in your autonomous car could be fatal.

5G technology can provide the infrastructure to build these cutting-edge applications. This won't happen in three or five years, and it will take at least a decade to realize the true potential of 5G.

A \$63 per share price might look expensive now, but so did \$35 in March 2011 when BCE rolled out 4G technology. Today, 4G long-term evolution (LTE) facilitates live streaming and video calling. Over the past 10 years, BCE has increased its dividends at a compound annual growth rate (CAGR) of 5.2%.

Investing \$5,000 in BCE stock and opting for a dividend reinvestment plan (DRIP) can earn you \$293 in annual dividends, which will be reinvested to buy more BCE shares. Sure, the addition of roughly four shares in a year might not look attractive. But compounding could garner you more than 123 shares, a portfolio value of \$12,000, and over \$600 in annual dividends after 10 years. This is a rough calculation based on a 5% dividend CAGR and a 3% stock price CAGR. The actual value may differ.

## Constellation Software

**Constellation Software** ([TSX:CSU](#)) can grow its stock price at a CAGR of over 20%. It's an umbrella company whose business model is to acquire small vertical-specific software companies with \$1 million to \$100 million in annual revenue. The company is broadening its scope by allowing its subsidiaries to spin off and trade on the stock exchange.

**Topicus.com** is its first spin-off that surged 120% in the tech bubble but fell prey to the bubble burst and lost 90% of its growth. But keep in mind that 18 months is too short a timeframe to understand a growth stock's performance and potential.

Constellation management is using the tech stock sell-off to accelerate its acquisitions. It made acquisitions worth [US\\$1.2 billion](#) in the first half of this year. The 5G rollout will bring new opportunities for mission-critical applications, and Constellation will benefit from this growth. Using a conservative estimate, a 15% CAGR capital appreciation in the next 10 years can convert \$4,000 to over \$16,000.

## An investing tip for your growth portfolio

These are two stocks you can add to your [long-term](#) portfolio to build wealth. Your investment portfolio should be bigger than these stocks and include growth stocks, dividend stocks, ETFs, bonds, REITs, and other asset classes. A well-diversified portfolio can reduce the risk of the downside and accelerate your upside potential.

### CATEGORY

1. Investing
2. Stocks for Beginners
3. Tech Stocks

### TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:CSU (Constellation Software Inc.)
4. TSXV:TOI (Topicus.Com Inc.)

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1. agraff
2. pujatayal

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## **Date**

2025/09/09

## **Date Created**

2022/09/07

## **Author**

pujatayal

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