



2 Stocks That Could Grow Your Portfolio Over the Next Decade

Description

To know the value of patience, look at the returns of [long-term investing](#). Every investor wants that one stock that can grow 1,000% and convert \$3,000 into \$33,000. Such returns could not only beat inflation but make you wealthier than you are today.

Two stocks to grow your portfolio

This level of growth can come from long-term growth stocks, young small-cap stocks with significant untapped market potential, and turnaround stocks. I have identified two stocks with the potential to grow your portfolio, but volatile markets may test your patience.

Descartes Systems stock

Supply chain management and logistics solutions provider **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)) is in a long-term growth trend. The need to transit goods, services, people, or information keeps growing. Globalization, and geopolitical tensions, make international trade complex, and e-commerce makes last-mile delivery a challenge. A complex business problem needs solutions, and that makes Descartes's solutions sticky.

Descartes has successfully increased its revenue by 21% in fiscal 2022 ended January 2022. This is its highest annual growth rate in over seven years, thanks to pandemic recovery. The company is halfway through fiscal 2023, and the fundamental growth remains strong. Its revenue grew 18% year over year in the first half of the year, and the operating margin improved to 25.9% from 24% in the first half of fiscal 2022.

Despite strong growth in revenue and income, Descartes stock fell 7%, as it fell prey to the [tech stock](#) selloff. The company used the market downturn to acquire smaller companies, like customs filing solutions NetCHB. Moreover, the [global shipping crisis](#) has stalled the stock's growth. The wait times have increased in East and Gulf ports, as the United States increased liquefied natural gas exports to Europe.

However, the global supply disruption from the Russia-Ukraine war presents an opportunity for Descartes's stock price to rebound. A new global supply chain and e-commerce are the long-term growth drivers that can grow the stock by 1,000% in 10 years.

Bombardier stock

Bombardier ([TSX:BBD.B](#)) is a turnaround stock that has made it to positive free cash flow after eight years of losses. It is a stock that bottomed out and now is preparing to rise. This stock saw a government bailout, downsizing, was removed from the TSX Composite Index, and avoided bankruptcy. It withstood all of it and the pandemic, and it is now showing signs of growth.

Bombardier made a 25-for-1 share consolidation in June to keep its price above \$1 in the market downturn. The consolidation increased per share price to \$25, but the market bearishness pulled the stock down to \$16.21. This dip comes even when Bombardier's revenue and adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is improving.

It increased its second-quarter revenue by 2% and adjusted EBITDA by 41%. The company is accelerating its debt repayment, as that has been keeping it from recovering. It has repaid US\$773 million in debt year to date and now has over US\$7 billion debt pending. Bombardier reported US\$514 million in free cash flow, thanks to interest savings and improving margins from aftermarket service.

Bombardier has a healthy backlog of US\$14.7 billion, ensuring revenue and profit growth are sustainable. Earlier this month, Bombardier chief executive officer Eric Martel [said](#) that the company's annual revenue from special mission business jets could grow to \$1 billion.

The market has not priced this growth story and continues to penalize the stock for its past losses. The market is pricing in the recession fear in Bombardier. But business jets are not affected by a recession, and that is visible from their growing order backlog, even when interest rates are rising. Now is a time to buy this mid-cap stock, as Bombardier is on track to, once again, become a large cap.

Final takeaway

In your diversified portfolio of dividend and growth stocks, the above two stocks are good fits for long-term wealth creation. If you have over a decade to retire, you can add them to your Registered Retirement Savings Plan.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. TSX:BBD.B (Bombardier)
3. TSX:DSG (The Descartes Systems Group Inc)

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