3 TSX Stocks That Are Great Long-Term Picks

Description

Investing is something that should be seen as a long-term journey. Simply put, it's a marathon more than a sprint. This is because there are so many factors that could affect a stock's value over the short term. Over the long term, stock performance heavily relies on business performance. By choosing companies that perform exceptionally on an annual basis, investors could boost their long-term gains. In this article, I'll discuss three **TSX** stocks that could make great long-term picks.

Start with this outstanding dividend company

Fortis (TSX:FTS)(NYSE:FTS) is the first stock that investors should consider holding for the long term. A massive company, it provides regulated gas and electric utilities to more than three million customers across Canada, the United States, and the Caribbean. Its portfolio is composed of assets totaling $60 billion in value. In 2021, Fortis reported $9.4 billion in total revenue.

Fortis is a notable company because of its performance as a top dividend stock. It has managed to increase its dividend distribution in each of the past 48 years. That gives Fortis the second-longest active dividend-growth streak in Canada. The company projects that it'll be able to continue raising its dividend at a compound annual growth rate (CAGR) of 6% through to at least 2025.

Buy one of the railway companies

The Canadian railway industry is another area that investors should consider putting money into. There are two companies which dominate this industry. Although both companies could be solid choices for your portfolio, I think **Canadian National Railway** (TSX:CNR)(NYSE:CNI) gets the slight edge. This company operates nearly 33,000 km of track. Its rail network spans from British Columbia to Nova Scotia and into the United States as far south as Louisiana.

Like Fortis, Canadian National Railway is notable because of its strong dividend performance. This company has managed to increase its dividend in each of the past 26 years. That makes it one of only 11 TSX-listed companies to reach that mark. With a dividend-payout ratio of about 37%, I believe

Canadian National could continue to comfortably increase its dividend over the coming years.

Those dividend raises would be supported by strong business performance. In the second quarter of 2022, the company reported $4.3 billion in revenue. That represents a year-over-year increase of 21%.

This is a must-have in your portfolio

Finally, investors should consider holding **Constellation Software** (TSX:CSU) in their portfolios. This company acquires vertical market software (VMS) businesses. For much of its history, Constellation has focused on small- and medium-sized businesses. However, in 2021, the company stated that it would start targeting large VMS businesses for acquisition. If it can incorporate those acquisitions into its proven growth strategy, it could be a major catalyst for Constellation Software stock.

Speaking of its stock, Constellation Software has been one of the best performers on the TSX since its initial public offering (IPO). It has gained nearly 10,800% in value over the past 16 years. That represents a CAGR of more than 30% over that period. Putting that into perspective, if you'd invested $10,000 during its IPO, your position would be worth more than $1 million today.

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2. NYSE:FTS (Fortis Inc.)
3. TSX:CNR (Canadian National Railway Company)
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