



\$5,000 Invested in These 3 Stocks Could Make You Rich Over the Next 20 Years

Description

The **S&P/TSX Composite Index** has been volatile for the better part of the year. As of this writing, the Canadian benchmark index is down by 7.9% year to date. The current market environment might not seem appealing because investors have suffered losses as valuations across the board are depressed.

However, such market conditions allow investors to invest in high-quality stocks at discounts – the key to generating significant long-term returns.

If you want to [start investing](#) to capitalize on the market environment, you must know that investing in stocks with depressed valuations is not enough. Identifying stocks with significant long-term growth potential is important to make the most of your investment capital.

If that's your investment objective, I have chosen three arguably [undervalued stocks](#) that can make you wealthy over the next 20 years.

goeasy

goeasy Ltd. ([TSX:GSY](#)) is a \$1.9 billion market capitalization Canadian alternative financial services company headquartered in Mississauga. GSY has been one of the fastest-growing stocks on the **TSX** in recent years. However, it trades for a considerable discount from its all-time highs right now. As of this writing, goeasy stock trades for \$121.19 per share, reflecting a 44.5% discount from its 52-week high.

The broader market sell-off has not spared goeasy stock. The current high interest rates have undoubtedly impacted the short-term performance potential of its lending business. While the risk is certainly there, goeasy could be well-positioned to deliver stellar long-term returns.

The company has more than doubled its revenue over the last five years. GSY trades for an 8.1 forward price-to-earnings multiple, indicating that it could be undervalued right now.

greasy has only acquired 3% of its addressable market, and it continues to add new verticals, expand its product offerings, and deliver excellent financial performance. So this is one strong long-term buy-and-hold investment to consider.

Constellation Software

Constellation Software Inc. ([TSX:CSU](#)) is a \$41.5 billion market capitalization Canadian diversified software company. Headquartered in Toronto, Constellation Software is not like most other TSX tech stocks. Founded by a former venture capitalist, the company focuses on acquiring small- and medium-sized vertical market software companies, empowering their growth and, as a result, fueling its own.

While it may seem similar to other holding companies, Constellation Software only focuses on acquiring businesses that are already good. Once it identifies and acquires high-potential businesses, it provides them the resources necessary to transform them into more successful companies under its banner.

As a result of the tech meltdown and broader market sell-off, Constellation Software is trading for a significant discount.

Constellation stock trades for \$1,960.39 per share, down by 17.8% from its 52-week high. The company plans to start targeting larger businesses as part of its acquisition strategy, which has worked so well for small and medium-sized businesses. Provided it can continue successfully executing its strategy, it can be a growth asset to own for the long term.

Brookfield Asset Management

Brookfield Asset Management Inc. ([TSX:BAM.A](#))([NYSE:BAM](#)) is a \$100 billion market capitalization giant among global alternative investment management companies. Headquartered in Toronto, the company has over US\$725 billion of geographically diversified assets under management across various industries.

Diversification is a prudent way to mitigate risk as an investor, and Brookfield Asset Management delivers just that through one company. Through its subsidiaries, Brookfield Asset Management invests in everything from infrastructure to renewable energy, private equity markets, insurance, and much more.

The diversity in its revenue streams, exposure to several industries, and strong balance sheet position it well for substantial long-term growth. As of this writing, it trades for \$64.11 per share, down by 18.9% from its 52-week high amid the market sell-off. BAM is another worthy candidate to drive long-term portfolio returns.

Foolish takeaway

The key to becoming a successful stock market investor is to give your portfolio the time it needs to grow. It is possible to become a wealthy investor, even if you have a relatively small amount to begin

building your portfolio. It is all a matter of finding the right companies to own and letting the value of your investments grow over time.

goeasy, Constellation Software, and Brookfield Asset Management are three TSX stocks with substantial long-term growth potential. All three are trading for significant year-to-date discounts. It could be worth adding these stocks to your self-directed portfolio as buy-and-hold assets for long-term wealth growth.

CATEGORY

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2. TSX:BN (Brookfield)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:GSY (goeasy Ltd.)

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