



Got \$5,000? 3 Stocks to Hold for the Next 20 Years

Description

On Wednesday, the central bank of the United States increased interest rates by 75 basis points, thus raising the benchmark lending rates to 3-3.25%. The chairman of the Federal Reserve, Jerome Powell, stated that the central bank would continue to take monetary-tightening initiatives to tame inflation. So, I expect the equity market to remain volatile in the near term.

However, the correction has provided an excellent entry point for investors with a longer investment horizon. So, if you are a long-term investor looking at stocks to hold for the next 20 years, here are my three top picks.

BCE

Growing digitization has made telecommunication an essential service. The increased adoption of online shopping, remote working, and distant learning has led to a growth in the need for high-speed internet services. The advent of [5G](#) has created long-term growth potential for telecommunication companies, including **BCE** ([TSX:BCE](#))([NYSE:BCE](#)).

Meanwhile, the company has adopted an accelerated capital-spending program to expand its 5G and high-speed broadband services. The company's management expects to spend around \$5 billion this year, thus taking its total capital investment to \$14 billion over the last three years. Supported by these investments, the company launched its 5G+ services in Toronto and southern Ontario. Meanwhile, it hopes to provide the service to 40% of Canadians by the end of this year. It is also expanding its fibre internet service, which now provides service to over 180,000 locations.

BCE earns a substantial percentage of its revenue from recurring sources, thus providing stability to its financials. Supported by its robust cash flows, the company has raised its [dividend](#) uninterrupted for the last 14 years. Also, amid the recent correction, the company's NTM (next 12-month) [price-to-earnings](#) multiple has declined to 18.1, making it an excellent buy.

Nuvei

Digital payments are becoming more popular amid the expansion of e-commerce. Meanwhile, Straits Research projects the digital transaction market to grow at a CAGR (compound annual growth rate) of 23% for the rest of this decade. So, I have picked **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)), a global payments technology company that operates across 200 markets, as my second pick.

The company continues to deliver solid performances amid the favourable environment, expanding business, and strategic acquisitions. In the June-ending quarter, its revenue and adjusted EPS (earnings per share) grew by 19% and 15.9%, respectively. The company is expanding its customer base through innovative product offerings and venturing into new markets. It also services regulated online gaming operators, which offers substantial growth prospects amid growing legalization.

Despite the challenging environment, Nuvei has reiterated its medium- to long-term guidance after reporting its second-quarter earnings. The company's volumes and revenue could grow at a CAGR of over 30% in the medium term. Its adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) margin could reach 50% in the long run.

goeasy

goeasy ([TSX:GSY](#)), which provides lending and leasing services to subprime customers, has delivered solid performance over the last 20 years. Its revenue and adjusted EPS have grown in double digits during this period. Despite the growth, the company has acquired just 3% of its addressable market, thus offering a substantial expansion opportunity.

Meanwhile, the company is strengthening its delivery channels, improving customer experience, and launching new product offerings to drive growth. It is also expanding its auto finance business, which grew by 451% in the second quarter. Also, goeasy's charge-off rate has been falling over the last five years, which is encouraging.

Meanwhile, goeasy's management expects its loan portfolio to grow by 65% to reach \$4 billion in 2024. Its revenue could grow at a CAGR of 19% through 2024 while delivering an annual return on equity of over 22%. Despite these growth prospects, the company's NTM price-to-earnings multiple stands at 8.5, providing an excellent entry point for long-term investors.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. NYSE:BCE (BCE Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:GSY (goeasy Ltd.)
5. TSX:NVEI (Nuvei Corporation)

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