

Description

So, what stocks should you hold in your portfolio? We can learn from one of the greatest investors of our time. Here's a famous quote from none other than [Warren Buffett](#):

Actually, let's up the game and discuss three stocks to hold for the next 20 years.

Constellation Software stock

Constellation Software Inc (CSU.TO) Total Return Growth

The chart displays the total return growth of Constellation Software Inc (CSU.TO) from 2007 to 2023. The y-axis represents the total return in millions of dollars, with labels at \$500.00K, \$1.00M, and \$1.50M. The x-axis represents time in years, with labels for 2007, 2012, 2017, and 2023. The line shows a consistent upward trend, starting near \$0 in 2007 and reaching a peak of \$1.422M in 2023. A callout box highlights the 2023 value.

Year	Total Return Growth (\$M)
2007	~0.05
2012	~0.20
2017	~0.80
2023	1.422

Page 1

Footer Tagline

CSU Total Return Level data by YCharts

Its gross profit margin remains super high at approximately 89%. Its operating margin is 16.9%, a small improvement from 16.7% in 2019 before the pandemic. It generates over \$1 billion in free cash flow and continues to focus on growth, which is why its dividend yield is puny at 0.28%.

The top tech stock has held up very well versus the tech sector because it is highly profitable, generates tonnes of free cash flow, and has a strong track record of growth. This market downturn pressured the stock to only about 38 times forward earnings, which is reasonably valued based on its long-term normal valuation.

In a normal market though, this would be considered a discount for the quality tech name. Analysts think the stock is discounted by about 26% at about \$1,931 per share.

National Bank of Canada stock

As the smallest bank of the Big Six Canadian bank stocks, **National Bank of Canada** ([TSX:NA](#)) has the small player advantage in that its profits are smaller than its larger peers, making it relatively easier to grow the absolute numbers. Here's how an initial \$10,000 investment in the bank has beaten the Canadian bank sector using **BMO Equal Weight Banks Index ETF** as a proxy.



NA and ZEB Total Return Level data by YCharts

National Bank of Canada is the most Canadian bank among the Big Six since it generates about 80% of its revenues domestically. Specifically, it makes 55% of its revenues in Quebec. So, the economic health of Canada and Quebec will directly impact its bottom line.

The bank makes over \$3 billion of net income annually. Currently, at about \$86 per share, it's undervalued by about 17% to its normal valuation and offers a nice dividend yield of 4.3%.

Fortis stock

Investors can also start looking at utilities as they are a part of the latest selloffs. High inflation doesn't bode well for **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) because it's considered a slow-growth business. Rising interest rates also pressure the stock because utilities inherently have high debt levels.

However, the solid dividend stock will experience support at some point, because of the predictability of its regulated business. In a normal market environment, I'd ask for a 4% yield from the stock. At writing, it yields almost 4.3% as it just raised its dividend by 5.6%.

Its dividend increases have been like clockwork. This last hike occurred for the 49th consecutive year. From a long-term perspective, the stock is becoming compelling. But in today's environment, it would probably experience more pain.

Interested investors that are risk averse may consider buying some at about \$51 and more at about \$48.

Holding this [diversified group of stocks](#) should provide some resiliency against today's market downturn. Over the next 20 years, they can make you much wealthier.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:FTS (Fortis Inc.)
4. TSX:NA (National Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. kayng
2. kduncombe

Category

1. Investing
2. Stocks for Beginners

Date

2025/08/23

Date Created

2022/10/01

Author

kayng

default watermark

default watermark