3 Dow Stocks That Could Turn $400,000 Into $1 Million by 2028

Description

This year has served an unpleasant but necessary reminder that the stock market doesn't move up in a straight line. Since the beginning of 1950, there have been more than three dozen double-digit percentage corrections in the broader market. Of course, few have been as painful as the bear market we're experiencing now.

However, pain historically brings opportunity for long-term investors. When given enough time, every stock market correction and bear market throughout history has been wiped away. That makes bear markets an especially intriguing time to do some shopping.

If you're looking to invest in U.S. stocks outside of Canada, arguably one of the best places to begin your search for stocks to buy is the **Dow Jones Industrial Average**. The Dow Jones is a 126-year-old U.S. indicator comprised of 30 historically profitable, time-tested, multinational businesses. In other words, these are mature companies that have proved their worth over decades (or more than a century), and they could make for smart buys during a bear market decline.

What follows are three attractively priced Dow stocks that have the capacity to turn an initial investment of $400,000 into $1 million by 2028.

Salesforce

The first Dow Jones Industrial Average stock with the tools needed to turn a $400,000 investment into a cool $1 million over the next six years is cloud-based customer relationship management (CRM) software solutions provider **Salesforce** (NYSE:CRM).

The biggest headwind Salesforce is contending with is the growing likelihood the U.S. or global economy will enter a recession. It's not uncommon for growth stocks to see their valuation multiples contract during recessions as investors become more focused on traditional metrics (e.g., price-to-earnings ratio). Thankfully, Salesforce has a clear-cut edge in the CRM software space that commands a premium valuation.

For those wondering, CRM software is what allows businesses to enrich existing relationships with their customers to generate more revenue. It can cover simple tasks, such as resolving product or service issues, as well as handle more complex chores, like running predictive sales analyses to determine which customers would be likely to buy a new product or service. Keep in mind that while CRM software is perfectly designed for service-oriented companies, it's gaining plenty of traction in the healthcare, industrial, and financial arenas.

What makes Salesforce special is its absolute dominance of the CRM software space. It's been ranked as the No. 1 CRM solutions provider for nine consecutive years, according to IDC, and accounted for close to 24% of worldwide CRM spend in 2021. While Salesforce's share of the CRM market has grown every year since 2017, its top four competitors have shrunk to a *combined* 19.6% market share. In short, Salesforce won't be knocked off its pedestal in this double-digit annual growth category anytime soon.

Co-founder and co-CEO Marc Benioff has done a phenomenal job of using bolt-on acquisitions as a source of growth. A steady diet of deals has broadened the company's service ecosystem and provided additional cross-selling opportunities.

If Benioff's prognostication of $50 billion in annual sales by the end of fiscal 2026 proves accurate — this would mark just shy of 100% growth from fiscal 2022 — Salesforce would have a very good chance to generate 150% returns over the next six years.

Boeing

A second Dow Jones stock that has the ability to turn a $400,000 initial investment into $1 million by 2028 is commercial airline and military aircraft manufacturer **Boeing** (NYSE:BA).

If there's a Dow stock that perfectly embodies the battle of short-term risk versus long-term reward, it's Boeing. Although the COVID-19 pandemic ravaged the airline industry for a period of about two years, many of the company's issues have been self-inflicted. This includes having its lauded 737 MAX cumulatively grounded for two years due to mechanical and electrical issues, as well as dealing with a roughly 15-month stretch (May 2021-August 2022) where 787 Dreamliner deliveries were halted.

The key point here is that it's a lot easier to fix internal shortcomings than it would be to deal with persistent demand issues. With 787 deliveries back on track and the company expected to boost 737 MAX output from 27 planes monthly at the beginning of this year to 47 per month by the end of 2023, operating cash flow could really begin to ascend over the next 12 months.

Something else investors should take into account is that Boeing's backlog remains robust. Through the first-half of 2022, Boeing had $372 billion in orders on backlog, including more than 4,200 commercial planes. Considering that the global energy supply chain is somewhat broken following the pandemic and Russia's invasion of Ukraine, crude oil, and therefore jet fuel prices, are liable to remain high. This could be the spark to encourage commercial airlines to order more fuel-efficient aircraft.

Boeing's defense, space, and security division is another positive for long-term investors. Since most government contracts span multiple years, revenue and operating cash flow for this segment tend to be highly predictable from one year to the next.

Owning Boeing stock *will* require patience. But if the company can use the next six years to right the ship and simply get back to where it was on an operating basis prior to the pandemic, it should be able to deliver a 150% return to its shareholders from its current level.

Visa

The third Dow stock that can turn $400,000 into $1 million by 2028 is payment processor **Visa** (NYSE:V).

One of the most interesting things about Visa is that its biggest headwind at the moment is also one of its greatest catalysts. Visa is a cyclical business, which means that it fires on all cylinders when the U.S. and global economy are expanding, and it struggles when recessions arise and consumers/enterprises spend less. With a number of pundits expecting a U.S. recession, it's no wonder we've witnessed weakness in shares of Visa.

But here's the thing about being cyclical: It strongly favors the patient. Virtually every period of expansion lasts substantially longer than contractions or recessions. This is what allows Visa to grow in lockstep with the U.S. and global economy over time.

Visa finds itself well-positioned for high-single-digit or low-double-digit growth domestically and internationally. In the U.S., Visa held a 54% share of credit card network purchase volume, as of 2020. Among the four major processors in the U.S., none gobbled up more share following the Great Recession than Visa. Meanwhile, it has a multidecade opportunity to expand into emerging market regions considering that most overseas transactions are still being conducted in cash.

A generally conservative management team is a feather in Visa's cap, too. While it could easily enter the lending arena and generate interest income, Visa chooses to focus on payment processing. This choice means the company isn't directly affected by rising loan delinquencies or credit losses during a recession. Not having to put cash aside to cover losses is what allows Visa to emerge from inevitable economic downturns in such great shape.

It's rare that a nearly $395 billion company can sustain a 10%+ growth rate over a long period, but that's exactly what long-term investors are getting with Visa.

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2. NYSE:CRM (Salesforce Inc.)
3. NYSE:V (Visa)

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1. Investing

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Author
sean-williams-2