Got $5,000? 3 TSX Stocks You Can Confidently Own for the Next 20 Years

Description

Despite a strong recovery over the last few weeks, the global equity markets have recently turned volatile amid reports of COVID-related deaths in China. Investors fear that China could reimpose COVID-related restrictions, which could hamper global economic recovery. However, investors should refrain from being boughed down by these short-term fluctuations and go long on quality stocks. Meanwhile, here are my three top picks that investors can buy and hold for the next 20 years.

goeasy

goeasy (TSX:GSY) is one of the top stocks to have in your portfolio, given its impressive track record. The subprime lending and leasing company has returned over 3,900% over the last 10 years at an impressive CAGR (compound annual growth rate) of 44.8%. The growth was driven by its solid financials, with its adjusted earnings per share (EPS) growing at a CAGR of 29.1%. The company has maintained its uptrend in 2022 as well.

Despite the challenging environment, the company has posted record revenue of $746 million in the first nine months of the year, representing a year-over-year growth of 26%. Meanwhile, its adjusted net income grew by 11% to $127 million. The company's loan portfolio has increased to $2.59 billion, while its net charge-off rate during the third quarter was 9.3%, within the company's target of 8.5-10.5%.

Meanwhile, goeasy continues to focus on new product launches and expand its delivery channels to drive growth. It has maintained its three-year forecast, with its loan portfolio projected to reach $4 billion by 2025, representing a 54% growth from its current levels. The company has been raising its dividend at an annualized rate of 34% since 2014, while its forward yield stands at 3%.

However, due to rising interest rates, goeasy has been under pressure this year, losing 32% of its stock value. So, considering its growth prospects and discounted stock price, I am bullish on goeasy.

Waste Connections

Waste Connections (TSX:WCN) is my second pick. Supported by the essential nature of its business and aggressive expansion across North America, the company has been delivering positive total shareholders' returns for the last 18 years. The company has returned impressive total shareholders' returns of around 537% for the previous 10 years.

Despite the challenging year, Waste Connections has maintained its uptrend and is trading 9.6% higher this year. In the first three quarters of this year, the company's revenue has grown by 18%, while its adjusted net income has increased by 20%. Further, Waste Connections's management is hopeful of growing its 2023 revenue in double digits amid price growth and its strategic acquisitions. The company has also raised its quarterly dividend by 10.9% to US$0.255/share. So, considering all these factors, I believe Waste Connections would be an impressive long-term bet.

TransAlta Renewables

My last pick is **TransAlta Renewables** (TSX:RNW). The renewable power-producing company has been under pressure this year due to a temporary outage at Kent Hills and a slowdown in the renewable energy transition due to ongoing geopolitical tensions. It has lost around 22% of its stock value this year, while its NTM price-to-earnings multiple has declined to an attractive 17.5.

Despite the near-term fluctuations, the company's long-term growth prospects look impressive, as more people, governments, and businesses are shifting towards cleaner energy amid rising pollution levels. RNW is working on contract extensions and capacity additions to boost its power-producing capacity. It also pays monthly dividends, with its yield currently at 6.78%, thus making it an attractive buy.

CATEGORY

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2. TSX:RNW (TransAlta Renewables)
3. TSX:WCN (Waste Connections)

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