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

Description

The economic environment hasn't changed much, and stocks could remain volatile in the short term. However, some companies continue to produce solid financial results, despite a challenging operating environment. The resiliency of their businesses and ability to drive sales and profitability make them a reliable investment to create wealth, especially in the long term.

So, if you can invest $5,000, here are three TSX stocks one can confidently own for the next 20 years to create significant wealth.

Dollarama

Consumer companies are defensive plays. Their defensive business model makes consumer stocks less volatile and immune to wild market swings. Despite their low-risk business, a few companies continue to grow rapidly and consistently outperform the benchmark index. One such consumer stock is **Dollarama** (TSX:DOL), which has generated massive returns in the past decade and delivered market-beating returns in 2022.

Dollarama's value pricing and a wide range of consumable products continue to drive traffic and support its top- and bottom-line growth. Also, its presence across Canada's 10 provinces further drives sales. Its revenue has had a CAGR (compound annual growth rate) of 11% since 2011. Moreover, so far in FY23, its top line registered an increase of over 15%. Also, its bottom line has had a CAGR of 17% since 2011. Moreover, it increased by 27.6% in the first nine months of FY23. Thanks to its solid earnings base, Dollarama has increased its dividend 11 times since 2011.

Overall, Dollarama's national scale and value offerings position it well to deliver solid financials that will support the uptrend in its stock price. Moreover, its growing earnings will likely drive its dividend payouts in the future.

Aritzia

Aritzia (TSX:ATZ) is another high-growth stock in the consumer space. This fashion house benefits from solid demand that supports full-price selling. Thanks to this, Aritzia has consistently delivered robust sales and earnings growth.

So far, in FY23, Aritzia's net revenue increased by 56.4%, reflecting strength across its retail and e-commerce channel. Moreover, its adjusted earnings per share increased by 38.6% during the same period. The company's management is confident of growing its top line at a double-digit pace through 2027. Meanwhile, its earnings growth is forecasted to exceed the net revenue growth.

Solid demand, boutique expansion, entry into new segments, and management's upbeat guidance position Aritzia well to deliver multi-fold returns.

goeasy

goeasy (TSX:GSY) has outperformed the broader markets over the past several years. While the macro weakness dragged goeasy stock down (it is trading at an attractive price-to-earnings multiple of eight), the decline is an opportunity to buy the shares of this high-growth company and hold it for decades.

The company continues expanding its loan book and benefits from higher loan originations. Despite macro headwinds, its credit and payments performance remains stable, which is positive. Also, its revenue and earnings continue to grow at a double-digit rate.

Management expects revenues to continue to grow rapidly on the back of higher demand, a large addressable market, and product and channel expansion. Further, stable credit performance will likely cushion its earnings and drive higher dividend payments.

Overall, it is poised to deliver solid returns. Further, it could continue to enhance its shareholders' returns through higher dividend payments.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)
2. TSX:DOL (Dollarama Inc.)
3. TSX:GSY (goeasy Ltd.)

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1. Investing

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