3 TSX Stocks You Can Keep Forever

Description

Stocks outpace most asset classes when it comes to creating wealth in the long term. Besides capital appreciation, investors can also benefit from dividend payments. Given their higher returns potential, stocks are also risky. Thus, investors should take caution before buying and holding stocks for the long term. Against this backdrop, here are three TSX stocks that one can confidently own forever.

Aritzia

Thanks to its profitable growth, **Aritzia** (TSX:ATZ) has compounded its shareholders' wealth. The stock has gained about 250% in five years, reflecting a CAGR (compound annual growth rate) of 28.5%. Thanks to this strong growth, Aritzia exceeded the returns of the **S&P/TSX Composite Index** by a wide margin.

The fashion company benefits from solid demand for its products. Its revenue grew at a CAGR of 19% from FY18 to FY22. Meanwhile, its net revenues increased by 48.3% in the first nine months of fiscal 2023. Thanks to the higher sales, adjusted net income grew at a CAGR of 24% between FY18 and FY22. So far in FY23, its adjusted EPS (earnings per share) has improved by 22.7%.

Aritzia foresees its top line growing at a CAGR of 15–17% through 2027. Moreover, EPS will grow at a higher pace than revenues. The visibility over future growth supports Aritzia stock moving higher. The fashion retailers' ability to drive full-price selling, expansion of boutiques, growing footprint in the U.S., and strengthening of its e-commerce platform provide a solid foundation for growth. Overall, investors can buy and hold this consumer stock forever.

Enbridge

Enbridge (TSX:ENB) transports hydrocarbons and is an integral part of the energy value chain. Further, its two-pronged strategy of expanding conventional pipeline assets and focusing on rampingup its low-carbon investments and ownership interests in renewable energy facilities positions it well to capitalize on energy demand.

The operator of the world's longest pipeline sees high utilization of its assets and has 40 diverse cash flow streams, which reduces risk. Moreover, through its long-term contractual arrangements, Enbridge reduces volume and price risk. Furthermore, its solid secured program, revenue escalators, and inflation-protected EBITDA (earnings before interest, tax, depreciation, and amortization) position it well to deliver steady growth.

This large-cap company is also known for its solid dividend payouts. Enbridge is a top dividend stock that has paid and increased its dividend regardless of the market conditions. Further, its payouts are well-covered, implying that the company could continue to enhance its shareholders' returns through dividend hikes. Long-term investors can rely on this stock for consistent income and growth.

Dollarama

Dollarama (TSX:DOL) is a lucrative investment for investors looking for safety and growth in the long term. Thanks to its compelling pricing, Dollarama continues to attract value-driven shoppers. The growing foot traffic supports its sales and profitability.

Notably, Dollarama's revenues have increased at a CAGR of 11% since 2011. During the same period, the discount retailer grew earnings at a CAGR of 17%. With its growing earnings base, the company is enhancing its shareholders' returns through higher dividend payments (its dividend has increased 11 times since 2011).

Dollarama's low fixed price points, diversified product mix, and continued expansion of its store base indicate that the company could continue to deliver solid growth. Moreover, its defensive business model positions it well to perform well in all economic situations.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)
2. TSX:DOL (Dollarama Inc.)
3. TSX:ENB (Enbridge Inc.)

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1. Investing

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