Got $2,500? 2 Top Stocks That You Can Buy and Hold for a Lifetime

Description

$2,500 is a decent enough sum for investment, and in the right stocks, it can grow up to a decent-sized nest egg, assuming the right stocks keep growing at the expected pace (or better). Considering they keep up their steady growth, the longer you hold on to them, the better your returns will be.

You may be able to maximize the impact by exiting the position before the stock dip and re-entering when it starts growing again.

However, this is a difficult move to pull off perfectly. Not only will it be vulnerable to short-term capital gains taxes, which may wipe away much of your profits, but you can also lose the advantage by mistiming your exit or re-entry in just a few instances. A much better approach is to hold the right stock long term. You can also minimize your risk by choosing exclusively from the blue-chip stocks trading on the TSX.

A food retailer

Whether it's a recession or a bull market, everyone has to eat. People may not eat as fancy as they used to when times are tough, but they still need food. This makes food retailing businesses like Sobeys evergreen and highly resilient against weak markets. This is a benefit Sobeys transfer to its parent entity (and its stock), **Empire Company** (TSX:EMP.A).

Empire Company has two businesses: food retail through Sobeys, its primary subsidiary and business front, and real estate. The real estate business includes a publicly traded real estate investment trust with Sobeys as the primary tenant and a U.S.-based real estate development company. However, the profits from the real estate businesses are crumbs compared to the food-retailing business (ironically).

Empire Company is a good growth stock to buy at any given time, but it's quite attractive right now, thanks to its discounted price and modest valuation. The discount has also pushed the yield up to 1.84%.

As for the growth, if you can hold the stock for at least two decades, and it offers growth equivalent to the last two decades, you may get about three-fold capital appreciation.

That may not seem like much compared to some of the more volatile growth stocks you can find in the TSX, but there is a higher degree of predictability when it comes to a stock like Empire Company. The overall returns would be significantly higher if you add on the dividends.

A tech company

Another great growth stock you should look into is **Open Text** (TSX:OTEX). It has exhibited a robust growth in the past and has grown 226% in the last 10 years. The overall returns were higher (284%) since it's one of the few dividend payers in the tech sector and is currently offering dividends at a yield of 2.55%.

The stock is also modestly discounted right now and is trading at a 21% lower price compared to its recent peak. But its history, growth potential, and dividends aren't the only things that make this a good long-term holding. Its business model is worth taking into account as well.

As an Information Management System and solutions provider, it's tapped into one of the gold mines of the tech sector right now: data.

If the company keeps evolving and offering market-relevant solutions in the future, you may benefit from the stock following the trajectory of its organic growth.

Foolish takeaway

Investing in the two top stocks can be a great use of your $2,500. Assuming they will keep growing at the current pace, you can end up with a sizable sum if you hold onto the stocks long enough. The dividends can be reinvested in the stocks to grow the size of your holding over time.

CATEGORY

1. Investing

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1. TSX:EMP.A (Empire Company Limited)
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