

4 Stocks That Could Help Grow Your Portfolio Over the Next Decade

Despite the Fed's continued interest rate hikes, job growth remains robust. As market uncertainties and risks obscure hopes and optimism, it could be wise to invest in fundamentally sound stocks, Salesforce (CRM), Progress Software (PRGS), Photronics (PLAB), and Forrester Research (FORR), for the long term. Continue reading...

As the Fed indicated higher-than-expected rate hikes this year, a strong labor market and high inflation will likely keep the stock market under pressure for some time now. Amid this backdrop, we believe it could be wise to buy fundamentally strong stocks Salesforce, Inc. (CRM), Progress Software Corporation (PRGS), Photronics, Inc. (PLAB), and Forrester Research, Inc. (FORR).

Despite the Federal Reserve's efforts to slow the economy and bring down inflation, the latest employment report came in stronger than expected. While job growth declined compared to January, nonfarm payrolls rose by 311,000 in February, higher than the estimate of 225,000, indicating a tight labor market. However, the unemployment rate rose to 3.6% last month, up from 3.4% in January.

Given the strong labor market, investors are bracing for a more aggressive 0.50% rate hike after Fed Chair Powell told lawmakers this week, "the ultimate level of interest rates is likely to be higher than previously anticipated."

John Lynch, chief investment officer at Comerica Wealth Management, said, "Nonetheless, 50 basis points is still on the table for the March policy meeting, given recent economic strength and dependent on next week's Consumer Price Index

(CPI) report.”

Given the stalling disinflationary process, the headline CPI is expected to increase by 6% year-over-year in February, down from January’s 6.4%, while the core CPI is expected to rise by 5.5% year-over-year, compared to February’s 5.6%.

In the wake of the turmoil hitting the banking sector, the CBOE Volatility Index has increased 58.8% over the past five days. Given the near-term uncertainty, the economy seems to be straying away from a soft landing.

Amid this backdrop, it could be wise to buy fundamentally sound stocks CRM, PRGS, PLAB, and FORR. Given their solid growth over the past years and high profitability, these stocks could help grow your portfolio over the next decade.

Salesforce, Inc. (CRM)

CRM offers a customer relationship management platform that binds companies and customers globally. Its Customer 360 platform delivers a source, which connects customer data across systems, applications, and devices to help companies sell, service, market, and conduct commerce from anywhere.

On March 7, the company launched Einstein GPT, the world’s first generative AI CRM technology, which delivers AI-created content across every sales, service, marketing, commerce, and IT interaction at a hyper-scale. With this new introduction, the company aims to transform every customer experience with generative AI.

In addition, it also announced the launch of Salesforce Ventures’ \$250 million Generative AI Fund, which is expected to bolster the startup ecosystem and development of responsible generative AI.

CRM’s revenue and EBIT grew at CAGRs of 22.4% and 58.9% over the past three years. Likewise, its net income grew at a CAGR

of 18.2% during the same period.

In terms of the trailing-12-month gross profit margin, CRM's 73.34% is 49.9% higher than the 48.94% industry average. Likewise, its 30.62% trailing-12-month levered FCF Margin is 378.5% higher than the industry average of 6.81%.

For the fiscal fourth quarter that ended on January 31, 2023, CRM's total revenues increased 14.4% year-over-year to \$8.38 billion. Its gross profit grew 18.3% from its year-ago value to \$6.28 billion, while its non-GAAP income from operations improved 123.3% from its prior-year quarter to \$2.45 billion.

In addition, its non-GAAP net income and adjusted net income per share came in at \$1.66 billion and \$1.68, up 96.4% and 100% year-over-year, respectively.

The consensus EPS estimate of \$1.61 for the first quarter (ending April 2023) represents a 64.5% improvement year-over-year. The consensus revenue estimate of \$8.17 billion for the current quarter indicates a 10.2% increase year-over-year. The company has an excellent earnings surprise history, surpassing the EPS and revenue estimates in each of the trailing four quarters.

The stock has gained 32.1% over the past three months and 30.6% year-to-date, to close the last trading session at \$173.18.

CRM's POWR Ratings reflect solid prospects. The stock has an overall rating of B, equating to Buy in our proprietary rating system. The POWR Ratings are calculated by considering 118 different factors, with each factor weighted to an optimal degree.

It has an A grade for Growth and Sentiment. Out of 134 stocks in the Software – Application industry, it is ranked #17. To see the other ratings of CRM for Value, Momentum, Stability, and Quality, [click here](#).

Progress Software Corporation (PRGS)

PRGS offers software products to develop, deploy and manage high-impact business applications. Its offerings include OpenEdge, Developer Tools, Sitefinity, Corticon, DataDirect Connect, MOVEit, Chef, WhatsUp Gold, Kemp Loadmaster, and Kemp Flowmon Network Visibility, which aids businesses in innovating and fueling momentum.

On February 7, PRGS acquired MarkLogic, a leader in complex data and semantic metadata management, and a Vector Capital portfolio company. This acquisition expands the company's industry-leading product portfolio and continues to contribute to its Total Growth Strategy.

PRGS' total revenue increased 12.1% year-over-year to \$157.13 million for the fourth quarter that ended November 30, 2022. Its adjusted income from operations grew 20.1% from the year-ago value to \$61.98 million. In the same period, the company's non-GAAP net income and non-GAAP EPS stood at \$49.24 million and \$1.12, up 19.2% and 21.7% year-over-year, respectively.

Analysts expect PRGS' EPS and revenue for the first quarter (ended February 2023) to increase 8.3% and 7.6% year-over-year to \$1.05 and \$158.77 million, respectively. The company surpassed the consensus EPS estimates in each of the trailing four quarters.

PRGS' net income and EBITDA have increased at CAGRs of 53.3% and 12.6%, respectively, over the past three years, while its EPS has grown at 54.8% CAGR.

The stock's trailing-12-month levered FCF margin of 33.78% is 395.8% higher than the 6.81% industry average. Also, its trailing-12-month ROCE and ROTA of 23.45% and 6.74% compare with the industry averages of 4.85% and 1.56%, respectively.

Over the past year, the stock has gained 29.1% to close the last trading session at \$56.20.

PRGS' strong fundamentals are reflected in its POWR Ratings. The stock has an overall rating of A, translating to a Strong Buy in our proprietary rating system. It has an A grade for Quality and a B for Growth and Value. Within the same industry, it is ranked #3.

Beyond what is stated above, we've also rated PRGS for Momentum, Stability, and Sentiment. Get all the PRGS ratings [here](#).

Photronics, Inc. (PLAB)

PLAB, along with its subsidiaries, manufactures and sells photomask products and services in the United States, Taiwan, China, Korea, Europe, and internationally.

In terms of trailing-12-month EBIT margin PLAB's 27.15% is 361.7% higher than the 5.88% industry average, while its trailing-12-month net income margin of 12.97% is 344.6% higher than the industry average of 2.92%.

PLAB's total revenue increased marginally year-over-year to \$211.09 million in the fiscal first quarter that ended January 29, 2023. The company's non-GAAP net income and non-GAAP EPS amounted to \$24.36 million and \$0.40, respectively, in the same period.

In addition, its total current assets came in at \$700.82 million for the period that ended January 29, 2023, compared to \$644.65 million for the period that ended October 31, 2022. Its long-term debt came in at \$27.32 million, compared to \$32.31 million for the same prior-period.

Street expects its revenue to increase by 3.2% year-over-year to \$211 million in the second quarter ending April 30, 2023. Its EPS is expected to grow by 10% per annum over the next five years. It surpassed revenue estimates in all four trailing quarters.

Over the past three years, PLAB's net income and EBIT have grown at 46.6% and 56.1% CAGRs, respectively. Moreover, its EPS has grown at 50.9% CAGR over the same period.

PLAB has gained 4.7% over the past six months to close the last trading day at \$16.65.

PLAB's POWR Ratings reflect this promising outlook. The stock has an overall rating of B, translating to Buy in our POWR Ratings system.

Also, it has a B grade in Value, Momentum, and Quality. It is ranked #14 of 91 stocks in the B-rated Semiconductor & Wireless Chip industry. [Click here](#) to see the other ratings of PLAB for Growth, Stability, and Sentiment.

Forrester Research, Inc. (FORR)

FORR is an independent research and advisory firm operating through the Research; Consulting; and Events segments. Its primary subscription research product offers clients access to its research designed to inform their strategic decision-making.

On January 23, 2023, FORR introduced the Partner Ecosystem Marketing service, the next generation of its Forrester Decisions for Channel Marketing service. The enhanced service is designed to help B2B organizations modernize, develop and optimize their existing partner programs.

Maria Chien, VP and research director at FORR, stated, "Currently, two-thirds of B2B channel and ecosystem leaders report that the orchestration of partner ecosystems is very important or essential to their organization. The Partner Ecosystem Marketing service within our Forrester Decisions portfolio will ensure that marketing leaders have access to the research and tools they need to fully capitalize on their partner ecosystems to drive business growth."

In the fiscal fourth quarter that ended December 31, 2022, FORR's net revenues increased 2.4% year-over-year to \$136.89 million. During the same period, its adjusted net income and non-GAAP EPS came in at \$8.51 million and \$0.45, respectively. In addition, its debt outstanding as of December 31, 2022, stood at \$50 million, down 33.3% year-over-year.

Analysts expect FORR's EPS and revenue for the fiscal year 2024 to increase 14.1% and 5.4% year-over-year to \$2.67 and \$556.91 million, respectively. FORR's revenue has grown at 5.2% and 9.8% CAGRs over the past three and five years, respectively. Also, its EBIT has grown at a 74.7% CAGR over the past three years.

The stock's trailing-12-month gross profit margin of 58.39% is 101.1% higher than the 29.03% industry average. Likewise, its trailing-12-month levered FCF margin of 11.01% is 179.2% higher than the industry average of 3.94%.

Over the past month, the stock has gained marginally to close the last trading session at \$31.84.

It is no surprise that FORR has an overall rating of A, equating to a Strong Buy in our proprietary rating system. It has an A grade for Quality and a B for Value and Sentiment. Out of 101 stocks in the Financial Services (Enterprise) industry, it is ranked first.

In addition to the POWR Ratings stated above, we have also given FORR grades for Growth, Momentum, and Stability. Get all FORR ratings [here](#).

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7 SEVERELY Undervalued Stocks

CRM shares were trading at \$174.39 per share on Monday afternoon, up \$1.21 (+0.70%). Year-to-date, CRM has gained 31.53%, versus a 1.08% rise in the benchmark S&P 500 index during the same period.

About the Author: Shweta Kumari

Shweta's profound interest in financial research and quantitative analysis led her to pursue a career as an investment analyst. She uses her knowledge to help retail investors make educated investment decisions.

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