



3 Stocks You Can Hold for the Next 30 Years

Description

Study after study shows that individual stock investors tend to underperform dramatically relative to the index, and mutual fund investors underperform a typical basket of mutual funds. Why is this the case?

It's quite simple, actually: Investors tend to trade too much. This has two perverse side effects. For one, trades are usually made at the wrong time — stocks are bought at full valuations, and sold when prices are depressed. Secondly, trading fees become a significant burden on performance.

So on that note, below are three stocks you can buy and then hold for decades.

1. Bank of Nova Scotia

Frankly, there's a strong argument that any of Canada's big banks deserve to be on this list. They are well capitalized, very profitable, and have shown they can survive through crashes better than their American counterparts. One bank that has performed particularly well is **Bank of Nova Scotia** ([TSX: BNS](#))([NYSE: BNS](#)).

The bank's shares have returned a solid 12.4% per year over the last 15 years, mainly due to success in emerging markets. There's no reason to expect this to stop. It is concentrating on Mexico, Colombia, Peru, and Chile, all countries with healthy economies and underbanked populations. The bank should have plenty of room to steadily grow earnings, not just for three years, but for three decades.

2. BCE

If you're looking for strong, stable companies in Canada, the big three telecommunications companies are a great place to start. There's relatively little competition, despite the government's best efforts, and extremely high barriers to entry. Furthermore, the companies make money off of subscriptions, which creates steady, predictable, recurring revenue.

BCE ([TSX: BCE](#))([NYSE: BCE](#)) is a perfect example. Canada's largest telecommunications provider is able to produce strong, steady earnings, most of which gets paid out in dividends. On that note, the payout currently stands at \$0.6175 per quarter, per share. That's good enough for a 5% yield.

3. Brookfield Asset Management

Brookfield Asset Management (TSX: BAM.A)([NYSE: BAM](#)) has one of the best track records of any large company in Canada. This alternative asset manager has shown a consistent ability to buy and sell assets very prudently. Consequently, shareholders have enjoyed nearly a 20% return per year for the last 20 years.

It's unlikely that you would get returns like that for the next two or three decades. The company has gotten much bigger, making it difficult to compound its money that quickly. However, management clearly has a proven track record, and as a result shareholders should feel safe for many more years.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:BN (Brookfield Corporation)
3. NYSE:BNS (The Bank of Nova Scotia)
4. TSX:BCE (BCE Inc.)
5. TSX:BN (Brookfield)
6. TSX:BNS (Bank Of Nova Scotia)

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