2 Stocks for the Long Term: Manulife Financial Corp and Rogers Communications Inc

Description

It's time to face the music: the average investor's returns are "shockingly" poor. This should be nothing new; different studies seem to confirm this fact every month. But a new report from Bernstein sheds new light on just how bad investors' returns are. According to the report, a typical investor earned just over 2% per year over the last 20 years, while the **S&P 500** earned over 9% annually.

Investors' mistakes are well known. The biggest ones are trading too often, which results in high fees, and trading at the wrong times. A much better strategy would be to find "buy it and forget it" investments. Below we take a look at two possibilities.

1. Manulife Financial

Perhaps no Canadian financial institution suffered more during the crisis than **Manulife Financial** (TSX: MFC)(NYSE: MFC). In fact the company had to slice its dividend in half, and also struggled to raise the capital needed to stay afloat. Even after the crisis ended, Manulife continued to lag in a low interest rate environment (which is not ideal for insurance companies).

That experience still shapes Manulife's strategy today. For five years, the dividend was not raised – instead the company decided to build up capital. Earnings growth has remained a priority, but is being pursued much more prudently. In plain English, Manulife is being very careful as it grows, determined not to let history repeat itself.

Manulife's attitude is exactly what long-term investors should be looking for; the company's scars will prevent it from getting carried away. Better yet, the company is firing on all cylinders, and recently raised its dividend for the first time in five years. Best of all, at 11.6 times forward earnings, Manulife is trading at a discount to its peers too.

2. Rogers Communications

Shares of **Rogers Communications** (TSX: RCI.B)(NYSE: RCI) have not done particularly well recently, down roughly 10% so far this year. But the company still could make for a great long-term investment. Why is this the case?

First of all, the company’s cable and wireless network are irreplaceable assets; even with Canada’s help, new entrants have struggled to compete. Rogers also makes money from subscription-based services, helping to keep revenue and cash flow nice and steady.

To put this into proper perspective, Rogers is known for neglecting and frustrating its customers. Yet with few alternatives, most customers just suck it up and stick with Rogers anyways. From 2011 to 2013, revenue, operative income, and net income have all been remarkably smooth.

And now, Rogers is placing a bigger priority on customer service. If the company can get this right, then it can only help the bottom line. Until then, the company is trading at a very reasonable 15 times earnings.

So the moral of the story is quite simple. If you buy these companies, don’t sell them six months from now, not even if you get a nice gain. Because investing is a long-term game, and these companies will help you play it.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:RCI (Rogers Communications Inc.)
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