



Does Your RRSP Have These 3 Buy-and-Hold-Forever Stocks?

Description

Investing can be incredibly complicated.

There are dozens of different scenarios an investor can analyze when looking at a potential investment. Seemingly minor issues can flare up and become big deals. And that's just guarding against risks we know exist. Every company has internal issues that don't get proper scrutiny.

What's especially infuriating is when an investor spends many hours on an investment only to find out that some tiny little detail that was glossed over has affected the outcome. Luckily, this only happens sometimes. The same feeling of disappointment can turn to elation when a stock surges on something else an individual investor can't control, like a takeover or better than expected earnings.

The point is this. It doesn't matter how long you research a stock; chances are you're missing something. Regular investors like us just don't have the analytical abilities to catch everything, which is why we should just focus on one thing—finding great companies that can stand the test of time.

This frees up time for investors to spend on more important things, like time with family or on the golf course.

This task might seem daunting, but it doesn't have to be. A great place to start is by looking at the companies we use every day such as these three Canadian powerhouses.

Cara

You might not recognize the **Cara Operations Inc.** (TSX:CAO) brand, but I guarantee you've eaten at one of its franchises.

Cara is the owner of restaurant brands like Swiss Chalet, Harveys, East Side Marios, Montana's, Kelsey's, New York Fries, and, most recently, St. Hubert, the Quebec-based chicken chain. Overall it has sales of \$1.7 billion spread out over more than 840 locations.

There's a lot to like about the franchise business. It's capital light, meaning most of the company's

value comes from its brands, not from physical assets themselves. Expanding is as easy as buying another brand or opening up new locations that franchisees pay for. And the company hasn't even begun to crack the U.S. market.

The valuation is reasonable too. Analysts estimate Cara will earn \$1.62 per share in 2016, bumping that up to \$1.88 per share for 2017. That puts shares at 17.8 and 15.4 times forward earnings expectations, respectively—reasonable numbers for such a dominant force in Canadian fast food.

BCE

If you live in eastern Canada, chances are you write at least one cheque per month to **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)), the nation's largest provider of wireless, home phone, internet, and cable television services.

The company is expanding its impressive telecom empire. In an age where competitors are largely sitting on their laurels, BCE bought the portion of Bell Aliant it didn't already own, following that up with a friendly takeover bid for **Manitoba Telecom Services**.

Additionally, BCE offers investors an attractive dividend yield of 4.5%, one of the largest in the TSX 60 group of companies. The dividend and the company's history of solid share-price gains are integral parts of successful investing.

Loblaw

Thanks to its recent acquisition of Shoppers Drug Mart, **Loblaw Companies Limited** ([TSX:L](#)) is not only Canada's largest retailer; it's also Canada's largest pharmacist.

Pharmacy is the part of the business I'm most excited about. Because of the relationship between pharmacists and their customers, these customers tend to come back again and again. And as folks get older, it's easier to convince them to do more of their shopping in a smaller pharmacy. They'll gladly pay a little more to avoid having to walk around giant big box stores.

Loblaw has successfully expanded into financial services, making its PC Financial brand one of Canada's heavyweights in categories like credit cards and personal banking. And if that's not enough, the company was even smart enough to monetize some of its vast real estate holdings through **Choice Properties REIT**.

With Loblaw, you're not just investing in a retailer. You're investing in a truly diverse company that recognizes the benefit of getting into businesses with better margins.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:L (Loblaw Companies Limited)

Category

1. Dividend Stocks
2. Investing

Date

2025/08/27

Date Created

2016/06/02

Author

nelsonpsmith

default watermark

default watermark