

## 2 Incredible Forever Stocks That Billionaires Would Love

### Description

The TSX can be a tough place to invest in, especially considering that most of the stocks listed are in the commodities sector or are heavily correlated to commodities—oil in particular. This can present challenges, but I have two stocks that any beginning or seasoned investor could buy now and hold for the next +30 years.

I am a firm follower of Warren Buffett's principles and have studied his teachings as well as Peter Lynch's. Both investors concern themselves with finding fantastic businesses with durable competitive advantages or stocks that have a "moat" to prevent competitor entry. Both investors also invest in companies with a very long-term horizon in mind.

If you want to get terrific returns like investment legends Warren Buffett and Peter Lynch, then you've simply got to have a long-term horizon in mind. If your horizon is less than three years, then don't invest in the markets because your capital might not be there when you need it down the road. If you want truly terrific results, you've got to think five, 10, or even 30 years down the road. This is when the power of compounding really pays off.

As soon as you identify your forever stock, you've got to make sure it's priced at a margin of safety, meaning the stock is significantly undervalued such that the chance of losing money is greatly reduced. To achieve this margin of safety, the stock must be priced at a discount to its intrinsic value, meaning the price you pay is lower than the value of what you're getting.

### Forever stock #1: Toronto-Dominion Bank

One forever stock that is a terrific buy right now is **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). It's what I believe is the best of the Big Five Canadian banking stocks. The stock has a huge exposure to the U.S. and is a terrific hedge against a falling loonie relative to the greenback as well as an excellently managed business.

The risk-management strategy at Toronto-Dominion Bank is absolutely fantastic, and its revenue stream is one of the most diversified among its peers in the Canadian banking sector. If there's a Canadian housing collapse or another rout in oil prices, you can bet that Toronto-Dominion Bank will be doing just fine; it ups its dividend while others show weakness.

Want safety? Forget bonds and buy Toronto-Dominion Bank. It has a much better dividend yield and is one of the safest picks on the TSX.

### Forever stock #2 Canadian National Railway Company

Billionaire Bill Gates loves **Canadian National Railway Company** ([TSX:CNR](#))([NYSE:CNI](#)), and for good reason. Railroads have the biggest moats around. It would cost a new entrant tens of billions of dollars to get where Canadian National is right now, and even if the new entrant had the money, they

have the nearly impossible task of running a railroad through the country.

The stock transports everything from intermodal freight to commodities, grain to potash, automobiles to livestock. The rails will always be around, as they're a much cheaper and faster way of getting goods across the continent.

Both stocks mentioned are fantastic businesses that are trading near their historical average valuations, but I believe earnings will pick up for these two fantastic businesses. Now is the time to pick both up and hang on to them forever.

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1. Investing

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1. Editor's Choice

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1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:TD (The Toronto-Dominion Bank)

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