



## 3 Great Stocks I'm Never Selling

### Description

You've probably heard this a million times, but I'll say it again: investing doesn't have to be hard. All you need to do is find great companies and hold those shares for the long term.

This is much easier said than done, of course. First, an investor must narrow down the thousands of stocks out there into a more digestible amount. Then we must separate the wheat from the chaff. What we're left with is just a few dozen wonderful businesses.

From there it's time to filter by valuation. It's very rare you'll find a fantastic stock trading at a bargain-basement price. We're not even looking for that. What we want are great stocks that trade at a fair value.

The next part seems easy, but it's actually pretty hard. Buying such terrific businesses is the simple part. The difficult task is holding them through thick and thin. It takes years for the compounding effect to really take off.

Here are three great stocks that I plan to keep in my portfolio for decades.

### Extendicare

**Extendicare Inc.** ([TSX:EXE](#)) is one of Canada's largest owners and operators of assisted-living facilities. It owns and operates 118 different facilities — mostly in Ontario — as well as a robust home healthcare division. Both will experience nice growth as our aging population gets even older.

The company made the decision to focus on its Canadian operations in 2015, culminating with the decision to sell its U.S. assets. The profit from that sale was used to pay down debt, expand the home healthcare business, and acquire a number of new retirement homes.

The next step will be to upgrade a number of its existing homes in Ontario, which will allow the company to collect better rates from the province's government.

Despite trading close to a five-year high, Extendicare shares are still fairly valued today. Revenue grew

12.5% in 2016, while net operating income grew 8.5%. Adjusted funds from operations (AFFO) surged from \$0.50 per share to \$0.76. Shares trade at just 13.2 times AFFO — a very reasonable number.

In addition, Extendicare pays a 4.8% monthly dividend.

## Pizza Pizza

I'll admit it. My investment in **Pizza Pizza Royalty Corp.** ([TSX:PZA](#)) had at least a little bit to do with my stomach. Nothing beats pizza.

There was more to it, of course. Pizza Pizza is Canada's largest pizza franchiser with more than 750 locations nationwide. Approximately 87% have the Pizza Pizza banner, while the others fly Pizza 73 colours.

Despite having so many locations, the chain still has plenty of growth potential. It is strong in both Ontario and Alberta, but it has fewer than 50 restaurants in Quebec and only 19 in Manitoba.

Same-store-sales growth, a key metric in the industry, has been solid, averaging 2.5% annually since 2011. Most of the company's earnings are paid to shareholders with the company currently sporting a 5% yield. The payout has been increased each year since 2011, when Pizza Pizza converted from an income trust to a corporation.

## Information Services

**Information Services Corp.** (TSX:ISV) has an exclusive contract with the Government of Saskatchewan to operate its land titles and corporate registry through 2033. Land titles might be a boring business, but it's incredibly lucrative.

In 2016 — which was a down year — the company reported earnings of \$15.5 million on \$88.4 million in revenue. That translates into succulent profit margins of 17.5%.

Naturally, a company with that kind of profitability isn't going to come cheap. Shares currently trade hands at 21.7 times earnings, which is reasonable. The company is even cheaper on a price-to-free cash flow basis; it trades at 17 times 2016's free cash flow.

I do have a weakness for a company that pays a generous dividend, and Information Services Corp. delivers. The current payout is \$0.20 per share each quarter, which is good enough for a 4.2% yield.

## The bottom line

Unless something really strange happens, I envision owning Extendicare, Pizza Pizza, and Information Services for a very long time. These are true buy-and-hold-forever stocks.

Look for the same kinds of names for your own portfolio. You'll position yourself for outsized returns with a minimum amount of stress. That kind of investing is easy to get behind.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:EXE (Extendicare Inc.)
2. TSX:ISC (Information Services)
3. TSX:PZA (Pizza Pizza Royalty Corp.)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

## Category

1. Dividend Stocks
2. Investing

## Date

2025/08/26

## Date Created

2017/04/06

## Author

nelsonpsmith

default watermark

default watermark