



## Buy, Hold, and Prosper: 2 Great Stocks for Long-Term Investors

### Description

“Buy, hold, and prosper” is an [effective](#) investment strategy with the added benefit of reducing some of the anxiety associated with the daily fluctuations of stock market tickers. It is best executed by investors with a long time horizon that are prepared to ride out recessions and changing business cycles. Thus, the strategy depends on picking fundamentally strong companies that offer products and/or services that will be relevant in the future.

Two stocks that you can confidently buy and hold right now are **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) and **TFI International** ([TSX:TFII](#)).

#### **BCE Inc.**

BCE is the quintessential blue-chip company. It has had 51 consecutive quarters of year-over-year adjusted EBITDA growth, and its Bell brand is ubiquitous in Canada. However, its stock price has declined from about \$62 last December to about \$54 in April, where it has remained ever since.

The decline is due to investor concerns about growth and rising interest rates, which will increase the company’s cost of capital. This is compounded by the fact that prices of low-growth, blue-chip stocks tend to decline as interest rates rise, because investors are enticed to shift their money to the bond market.

It appears that the sell-off is complete, since the stock’s 200-day moving average is very close to its current price. Investors have also been reassured by the company’s recent second-quarter earnings report, which contained some positive news.

The report highlighted the net addition of over 122,000 postpaid wireless subscribers, representing the company’s best performance in this metric since 2000. Average billing per user increased by 0.6%. Surprisingly, over 20,000 new IPTV customers were added, which more than offset the loss of satellite TV subscribers. Overall, revenue increased by 1.7% compared to the corresponding period last year.

At its current stock price, BCE is an attractive target for long-term income investors. It has a great dividend yield of 5.6% and a reasonable P/E ratio of less than 18. The company’s dividend policy calls

for modest payouts of 65-75% of free cash, which means that BCE can easily increase dividends to shore up its stock price if necessary.

### **TFI International Inc.**

TFI International is a leading transportation and logistics firm that serves U.S., Canadian, and Mexican markets through several wholly owned subsidiaries. It has four operating segments: package and courier, less than truckload, truckload, and logistics.

The company has been experiencing solid growth. Revenue and operating income have increased at compound annual growth rates of 11% and 14%, respectively, from 2013 to 2017.

Management's recent focus on improving the quality of revenue and controlling costs is starting to bear fruit. For the first six months of this year, operating income has increased by a whopping 61% compared to the corresponding period last year.

This solid revenue and income growth is reflected in the recent performance of the stock. TFI's stock price has increased nearly 58% over the last 52 weeks, and it is now trading close to its all-time high.

Despite this recent surge in stock price, it's not too late to buy. The company's current P/E ratio of 12.5 is still quite reasonable and is in line with the industry average. In fact, given the recent growth in revenue, you could argue that the stock remains undervalued.

TFI's current dividend yield of 1.8% is not attractive to long-term income investors, but its future growth should continue to drive its stock price for years to come. The company will benefit from strong U.S. economic growth and the rise in ecommerce, which should increase the demand for its services.

### **Bottom line**

BCE offers an attractive dividend, and its products and services will continue to be relevant. TFI offers solid growth and is well positioned to capitalize on current economic trends. Both stocks are great choices for long-term investors who are looking to [balance](#) income and growth.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:TFII (TFI International)

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1. Investing

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kvassall

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