



## Investors: Do Your Future Self a Favour and Buy These 3 Forever Stocks Today

### Description

There are many ways an investor can make a buck. They can buy the cheapest beaten-up value names on the market and wait for them to normalize. They can buy the most expensive stocks too, and wait for them to grow into their lofty valuations. Yes, both methods are fraught with stories of investments that didn't work out. But many of them do.

Personally, I prefer a third method. It involves identifying some of the finest stocks out there and then waiting until they hit a half-decent valuation. I'm not looking to buy these stocks at bargain prices, because they never usually get that low. A fair valuation is the lowest price you'll get. Fortunately, these investments can easily work out paying such a price.

Such a strategy sounds familiar because it's employed by Warren Buffett. If it's good enough for the greatest investor of all time, it's good enough for me.

Here are three forever stocks that are ripe for the picking today.

### A&W

On Wednesday, **A&W Revenue Royalties Income Fund** ([TSX:AW.UN](#)) released its most recent quarterly earnings. To say the results were good would be the understatement of the year.

The company reported a same-store sales increase of 13%, along with a total sales increase of 18% versus the same quarter last year. The new Beyond Meat veggie burger certainly helped, but overall the chain was buoyed by other factors, like its focus on higher-quality ingredients and a new agreement with Uber Eats to offer delivery from many of its urban restaurants.

Subsequent to this stellar quarter, management announced yet another distribution increase. This marks the third time in 2018 A&W has hiked its payout to shareholders. Shares now yield 4.8%.

### Brookfield Asset Management

You're likely familiar with some of the Brookfield-sponsored companies trading on the Toronto Stock

Exchange. They encompass almost every sector, ranging from renewable utilities to real estate to private equity. Investors love these companies, many of which have performed admirably and pay great dividends.

Sitting atop this pyramid is the brain trust behind the whole thing, **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)). Naturally, the parent company is collecting fees to manage these assets, all while participating in their upside through various degrees of ownership. In total, it has some \$285 billion worth of assets under management.

Led by Bruce Flatt and his team, the company has one simple motto: it wants to buy good assets at bargain prices. If Flatt and his team can't find opportunities, they simply won't open their wallets. This discipline is the main reason why Brookfield has done so well — success I believe will continue for years to come.

## Fairfax Financial

One valuable lesson I've learned over the years is great management matters. Prem Watsa of **Fairfax Financial Holdings** ([TSX:FFH](#)) is one of the smartest investors in the world, and he's young enough that he could work another 20 years.

Watsa's plan is as simple as it is powerful. He first seeks to expand Fairfax's insurance operations. This generates float, which is insurance premiums that don't need to be paid out as claims until an unidentified date in the future. In the meantime, this float can be invested in undervalued stocks and whole businesses.

Watsa has been doing this successfully since 1985. From when he took over to the end of 2017, Fairfax's book value has grown by more than 19% per year. Shares have had an equally successful run. Simply put, investors who trusted their capital with Watsa years ago have gotten rich.

## The bottom line

Investing doesn't have to be hard. Investors who put their capital to work in great companies like A&W, Brookfield Asset Management, and Fairfax Financial have already done 90% of the work. The only thing left is to sit back, relax, and let these companies do their thing.

## CATEGORY

1. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. TSX:AW.UN (A&W Revenue Royalties Income Fund)
3. TSX:BN (Brookfield)
4. TSX:FFH (Fairfax Financial Holdings Limited)

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