Power Your Portfolio With These 2 “Forever” Stocks

Description

Investors looking for the best stocks on the TSX index to buy and hold forever should consider the following two tickers. Beyond the Big Six, but covering key areas of financial investment, these two plays are among the best ways for Canadians to invest in the stock market for defensive, long-term dividends with some growth ahead. One of these big stocks has been hitting 52-week lows, while the other is deeply discounted against its future cash flow value at today’s prices.

Power Corporation of Canada (TSX:POW)

One of the top stocks to buy now ahead of a potential downturn, this key financials player should be at the top of your list if you’re looking to make money trading stocks. The kind of play you’d be employing here would be of the “buy and hold” variety, since Power Corporation of Canada has all the hallmarks of a defensive giant.

Though one-year past earnings shrank by 17.6%, the overall trend has been positive for this stock, with a five-year average past earnings growth of 5.6% indicating that this is a generally sturdy investment. Value and health are indicated in an initial scan of the stats by a PEG of 1.1 times growth and so-so debt level of 44.6% of net worth, respectively.

Digging deeper into the value stats, we can see a low P/E of 9.4, which is matched by a correspondingly low P/B of 0.9. But what about that passive income? A chunky dividend yield of 5.95% makes this a great choice for a TFSA or RRSP — indeed, it’s one of the best on the TSX index when paired with other key indicators of defensiveness.

Overall quality is indicated by a positive — if not significantly high — past-year return on investment of 9%, while the most recent earnings per share were up at $2.72. This is all good stuff, while an 8.8% expected annual growth in earnings shows that positive arc continuing into the next one to three years.

A defensive stock, but is a competitor a better play?

Power Corporation of Canada stock is nice and stodgy on the momentum front, too, which is just what you want in a long-term dividend investment. It may have gained 2.8% in the last five days, but usually its share price is mild against the market, indicated by a beta of 0.94, while its current discount of 8% is not significantly lower than its future cash flow value.

When looking through the data for the previous stock, it's wise to take a peek at sturdy competitor **Sun Life Financial** (TSX:SLF)(NYSE:SLF). It's got great multiples, if a little higher than those of Power Corporation of Canada: check out a P/E of 13.3 times earnings and P/B of 1.3 times book, matched with a nice dividend yield of 4.25%.

The bottom line

Both stocks are ideal for a TFSA or RRSP at today's prices. However, some investors may view Sun Life Financial as the better play at the moment: TSX stock analysts are signaling a slightly better outlook with an 11.4% annual growth in earnings expected over the next one to three years, while its share price is discounted by 34% compared to its future cash flow value.

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