



3 Growth Stocks I Would Buy and Hold Forever

Description

There are short-term trades and long-term investments. Then there are “forever” investments. These rare companies, in my opinion, must have two key characteristics: an ability to survive forever and appreciate over time.

To put it another way, I don’t want to invest my hard-earned savings into a company that might disappear in a few years. I also don’t want to hold a stock that stays flat for the next five decades. Companies that meet these criteria are exceedingly rare.

However, I think I’ve found three of these growth stocks listed on the **Toronto Stock Exchange**. Here they are.

Couche-tard

Alimentation Couche-Tard (TSX:ATD.B)(TSX:ATD.A) tends to fly under the radar while investors focus on discount and luxury retailers. This convenience store giant has silently delivered a stunning 24,600% return between 2008 and 2020. Now, the stock is down 13.7% from its all-time high.

Investors are obviously pricing in lower sales and less foot traffic in Couche-Tard stores as everyone remains confined to their homes. However, I believe the [recovery in road traffic will be much quicker than air or public transport](#) as the pandemic is gradually resolved.

In other words, Couche-Tard could be poised for a V-shaped recovery in sales. Meanwhile, it has enough financial strength to survive the crisis. Debt is low (10% lower than equity) while cash is substantial (\$1.85 billion). The company can keep expanding its global footprint forever via foreign acquisitions.

Management has also invested in electric charging stations to prepare for the upcoming disruption to the auto sector. In other words, it’s a future-proof growth business.

Constellation Software

Companies driven by acquisition tend to perform best in times of crisis. When valuations are lower, resourceful conglomerates like **Constellation Software** ([TSX:CSU](#)) can swoop in and claim attractive deals.

This acquisition-driven growth strategy has worked out well for the company thus far. The stock has delivered a 33-fold return over the past 10 years alone. Given how vast and capital-light the software industry is, Constellation's potential for growth could be nearly infinite.

During this pandemic-induced crash, the company acquired two software providers in the fashion industry and a legal software provider based in Brazil. It seems the team was busy making deals while the rest of the market was panicking.

The team still has \$326 million in dry powder to fuel its acquisitions this year. Constellation could be one of the few companies to emerge from 2020 stronger than before, which makes it the ideal "forever" stock.

Brookfield Asset Management

One of the world's largest asset managers has been cautious about the market for years. Last year, **Brookfield Asset Management's** team said they were focused on hard assets and alternative investments to diversify the portfolio. Those investments should hold up better than the stock market during this crisis.

Brookfield's exposure to infrastructure and renewable energy is likely to offset losses from its core investment and commercial property businesses. Nevertheless, the company has enough financial strength to survive this downturn. In fact, it could make some major deals now that asset valuations are compressed.

Brookfield delivered stunning returns for long-term shareholders after the previous financial crisis. There's no reason to believe this time could be any different.

CATEGORY

1. Investing
2. Top TSX Stocks

TICKERS GLOBAL

1. TSX:ATD (Alimentation Couche-Tard Inc.)
2. TSX:CSU (Constellation Software Inc.)

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