Got $1,000? Here's 1 Stock to Buy Now and Hold Forever

Description

When volatility strikes the **TSX Index**, it can be difficult to keep a long-term investment mindset with stocks. It's especially hard when your most loved TSX stocks have lost considerable value, or worse, are trading in the red.

When this happens it is important to ask one thing: Why did I buy that stock in the first place?

Buy a business, not just a TSX stock

Even if it is down, look at the stock to see if its business operations and strategy still match or exceed your original investment thesis. If so, stop fretting and keep holding on.

The key is to invest in businesses, not just stocks. A business takes years to develop, mature, and grow. A stock can change any second (for hundreds reasons beyond your control), but it is the business that actually invests your equity and turns it into long-term returns.

Worried about volatility? Think long-term

One real way to build long-term wealth is to own stocks that have best-in-class businesses.

As Motley Fool contributor Matt Frankel wisely stated recently: "The most surefire way to make money in the stock market is to buy shares of great businesses at reasonable prices and hold on to the shares for as long as the businesses remain great (or until you need the money)….You'll experience some volatility along the way, but over time you'll produce excellent investment returns."

Are you looking to invest $1,000, today? Here is one TSX stock trading at a massive discount, but still fundamentally looks like a great investment over the next 10 years.

Buy this TSX stock now and hold it forever

This TSX stock is **Chartwell Retirement Residences** (TSX:CSH.UN). While it's generally an income-play, it has a great turnaround investment thesis. Yes, COVID-19 has heavily impacted its business. Its stock is down 35% year-to-date. Yet, I still like it, and here are the reasons why.

Retirement homes are a more resilient asset

First, it is 90% retirement care homes and only 10% long-term care. Retirement homes are primarily private. They are not reliant on government funding models that have lately been called into question.

Chartwell's residents are generally independent (with some health support) and reasonably healthy. As a result, it has been able to manage the impacts of the COVID-19 pandemic much better than other TSX seniors care stocks.

Long-term secular growth

Second, Chartwell has a very long, secular growth tailwind. Undoubtedly, its 2020 results will be impacted by an increase in pandemic-related operating costs, as well as lower-than-normal leasing activity (due to lock-downs, etc.). Yet, for 2021 and beyond, this TSX stock has a large runway for recovery and growth.

Canada has a wave of baby boomers retiring, selling their homes, and moving into retirement apartments with lifestyle and health amenities. Presently, there are 425,000 retirement suites in Canada; however, Chartwell believes Canada will easily need at least 175,000 more suites to meet demand.

To help meet future demand, Chartwell has over 800 suites currently in development and the option to acquire a further 2,206 suites through a development agreement.

This TSX stock has fuel for growth and dividends

Third, although Chartwell has quite a bit of it debt, its balance sheet is strong enough to handle short-term operating challenges and still fuel growth.

It has $237 million of cash and $162 million of additional borrowing capacity. Its stock pays a great 6.5% dividend, with an FFO payout ratio of 72%. I believe the dividend is safe. It will likely return to growth once operations and leasing normalize again.

The Foolish takeaway

While Chartwell is facing a difficult year on the TSX, its stock is very cheap. Now is a great time to buy.

Ultimately, it's a high-quality business that has potential to create strong income and growth returns for many years ahead.

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1. TSX:CSH.UN (Chartwell Retirement Residences)

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