



3 Canadian Stocks to Buy and Hold for the Next Decade

Description

The Canadian market has largely trailed the returns of the U.S. stock market over the past decade. Over the past 10 years, the **S&P/TSX Composite Index** has returned gains of roughly 30%. In comparison, the American **S&P 500 Index** has driven gains of more than 175% in that same time span.

At the rate that the U.S. economy has been growing over the past several years, it's very possible that the American stock market will continue to outpace Canada's stock market through the upcoming decade. That being said, I believe that there are plenty of publicly traded Canadian companies that have the potential to not only outpace the Canadian market but the American market as well.

I've put together a list of three top companies that have been on the Canadian public market for more than a decade. Not only have each of these outperformed the Canadian market over the past decade, I believe they all have the potential to continue to do so over the next 10 years.

Constellation Software

Constellation Software ([TSX:CSU](#)) might be one of the [best-kept secrets](#) on the Canadian stock market. The \$32 billion company has been a 30-bagger over the past decade, easily outpacing both the Canadian and American stock markets.

For investors that were fortunate enough to pick up shares 10 years ago, a \$5,000 investment made in October 2010 would be worth more than \$150,000 today. Not too bad for an investment of just \$5,000.

As the name suggests, Constellation Software is in the business of software development. The company develops vertical-specific software for very niche industries, which may partly explain why many Canadian investors may be unfamiliar with the name.

Absolute Software

Sticking with software stocks, I've added **Absolute Software** (TSX:ABT) to my list of companies that I'm banking on outperforming the market for the next 10 years.

Similar to Constellation Software, Absolute Software may not be a household name among many Canadian investors. The software company provides cloud-based endpoint visibility for computing devices, applications, and data for both enterprise-level and public-sector companies.

This tech stock may not have been a 30-bagger over the past decade, but it has easily surpassed the gains of by the Canadian market. Absolute Software has seen its share price grow by more than 300% over the past 10 years — not to mention a [gain of more than 100%](#) in the past 12 months alone.

Toronto-Dominion Bank

To balance out the higher-growth tech companies, I'm adding one of Canada's largest companies, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)), to my list.

The \$115 billion company might not have the same growth potential as the other two companies on this list, but TD Bank has a lot to offer to Canadian investors.

A major reason why I've added TD Bank to this is list is for its exposure to the U.S. economy. In the company's most recent quarterly report, close to 25% of the bank's reported net income was driven by the U.S. Retail segment. So, if the U.S. stock market once again largely outperforms the Canadian market over the decade, TD Bank will at least be in a position to benefit from that growth.

Over the past 10 years, TD Bank has seen its share price grow by roughly 70% — nowhere near the growth of the other two companies on this list, but it's still good for more than doubling the returns of the Canadian stock market.

Foolish bottom line

For investors looking for quality companies that they can buy and hold for the long term, this is a great place to start. Together, the three companies can provide a mix of stability and growth for Canadian investors. In addition to that, each has a strong track record of outperforming the broader Canadian market.

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TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:ABST (Absolute Software)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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