



## 3 TSX Stocks to Buy and Hold for Decades

### Description

The equity markets across the world have been highly volatile since the beginning of September. Further, United States President Donald Trump called off the stimulus talks yesterday, which led the **S&P/TSX Composite Index** to fall over 1%. Given the nervousness ahead of the elections, I expect the equity markets to be highly volatile going forward.

Meanwhile, if you have a longer time frame, you should not worry about short-term volatility. You can invest in fundamentally strong companies with significant growth catalyst left in them. Here are the three companies which you can buy and hold forever.

### Cargojet

My first pick would be **Cargojet** ([TSX:CJT](#)), which provides time-sensitive overnight air cargo services across 15 major Canadian cities and some specific international destinations. It has created exceptional wealth for its shareholders by delivering over 845% of returns in the last five years. The company's strong fundamentals have supported its stock price.

With its unique overnight delivery and an array of 26 aircraft, the company has gained a significant competitive edge over its peers. The company's management [estimates](#) that the company carries approximately 90% of Canada's domestic air cargo volume. Further, approximately 75% of its domestic volumes are under long-term contracts. So, the company's future earnings and cash flows are predictable and stable.

Meanwhile, e-commerce sales in Canada form a smaller percentage compared to the total retail sales. There is considerable scope for expansion, which could benefit Cargojet, as increased e-commerce sales drive the demand for its services. Further, the air cargo business is a highly capital-intensive business, providing a natural barrier for new entrants. So, I believe the company's stock price could rise multi-fold in the long run.

## Constellation Software

My second pick would be a software company, **Constellation Software** ([TSX:CSU](#)), which has returned over 4,000% in the last 10 years, including its dividends. It acquires and manages businesses that provide mission-critical software solutions. Currently, the company owns a diversified portfolio of 260 companies serving across 100 specific markets.

The company earns 67% of its top line from public sector customers that are immune to economic downturns. So, despite the pandemic's impact, its revenue rose 13% to \$1.88 billion in the first two quarters of this year. Further, the company generated \$597 million in cash from its operating activities, which more than covered its expenditure on new acquisitions and dividends.

Given its recession-resistant business model, stable cash flows, and healthy growth prospects, I expect the company to [deliver above-average returns over the long run](#).

## TransAlta Renewables

As the world moves toward renewable resources amid the concerns over the rising pollution, my third pick would be **TransAlta Renewables** ([TSX:RNW](#)). The company currently operates 13 hydro projects, 19 wind farms, and one natural gas plant in Canada. It also has economic interests in other diverse assets in the United States and Australia.

Meanwhile, the company sells the power generated from these assets to public power authorities, load-serving utilities, and industrial customers through long-term PPAs (power purchase agreements), which provides stability to its earnings and cash flows.

Currently, the company's weighted average remaining contractual life of its PPA stands at 11 years. Further, the company had liquidity of \$498 million at the end of the second quarter, which could support its dividends and growth initiatives.

Since 2013, TransAlta Renewables has been paying monthly dividends. Currently, the company pays monthly dividends of \$0.07833 per share. So, its dividend yield currently stands at a healthy 5.3%. So, given its impressive growth prospects, high dividend yield, and ample liquidity, I am bullish on TransAlta Renewables.

### CATEGORY

1. Energy Stocks
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:RNW (TransAlta Renewables)

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