2 Top Canadian Stocks To Buy Now and Hold Forever

Description

Investing in the stock market, let alone in individual stocks, can be an intimidating experience for new investors. It's relatively easy for Canadians to actually purchase shares of a publicly traded company. The stress and intimidation come when it's to time to decide on which stocks to purchase.

For new investors, an exchange-traded-fund (ETF) is an excellent place to begin an investing journey. The low fee fund can offer instant diversification for investors that are not looking to purchase individual stocks.

Investing in Canadian stocks

If you're looking to own individual stocks, you likely have a goal of outperforming the broader Canadian market's return. To do that, you'll need to own companies with a certain level of growth potential.

The Canadian stock market has returned an average annual growth rate between 6-8% over the long term. If an individual stock of yours is struggling to keep up with the market's return, you may be better off cutting ties and opting for a different stock or an ETF.

I've reviewed two top Canadian stocks that own very respectable track records of delivering market-beating growth. Whether you've been investing for decades or are looking for your first stock to buy, you can feel good about having either of these companies as the cornerstone of your long-term investment portfolio.

Brookfield Asset Management

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) is as close to an ETF as you'll find on the **TSX**. The asset management company invests in a wide range of equities, providing a similar level of diversification that an ETF potentially could. The $75 billion asset management company primarily invests in infrastructure, renewable energy sources, private equity, and real estate.

In terms of diversification, Brookfield Asset Management may resemble an ETF. But in terms of growth, there's no comparison.

Over the past 10 years, the Canadian asset management company is up more than 250%. In comparison, the broader Canadian market is up just 35%.

Growth like that doesn't come at a cost, though. Companies with market-beating growth potential will often be a more volatile investment than a total stock market index, such as the **S&P/TSX Composite Index**. The COVID-19 market crash in early 2020 was a prime example of just that.

During the 2020 market crash, the Canadian market lost just over 30% of its value, whereas Brookfield Asset Management lost close to 50%.

Algonquin Power & Utilities Corp

The green energy sector is one of the hottest in the market right now, and for good reason. Investors saw a list of renewable energy stocks crush the market's return in 2020 and I'm betting we'll see the same again this year.

There's more than one catalyst driving the growth of the green energy sector. Perhaps the largest came at the end of 2020 when Joe Biden was elected as the U.S. president. Biden has made it clear that he's committed to addressing the serious climate concerns head-on.

The growth potential is certainly there for green energy stocks, but it might be a bumpy ride. That's why my second top stock is **Algonquin Power & Utilities Corp** (TSX:AQN)(NYSE:AQN). The renewable energy stock is also a utility company, which should help limit volatility.

Utility companies have a reputation for being dependable investments. Revenue streams are typically very predictable, even during the worst of economic conditions.

Because Algonquin Power & Utilities Corp is partially a utility company, the ceiling is slightly lower than some of the other pure-play green energy stocks. However, this is one stock that you can count on to keep your portfolio afloat during inevitable market crashes.

It's also worth noting that the company's annual dividend of $0.79 per share is equal to an impressive yield of 3.7% at today's stock price.

Foolish bottom line

Both of these Canadian stocks are relatively well diversified, have a track record of delivering market-beating growth that doesn't look like it's slowing down anytime soon, and can provide passive income through dividends.

Neither stock will be setting growth records anytime soon, but there's a lot to like in both companies if you're committed to holding for the long term.

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2. NYSE:BN (Brookfield Corporation)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
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ndobroruka