



2 Top TSX Stocks to Buy in April and Own Forever

Description

Stock markets, including the **S&P/TSX Composite Index**, are incredibly volatile these days. Accordingly, I offer some age-old wisdom from the Oracle of Omaha himself, [Warren Buffett](#). He is renowned for stating, “If you aren’t willing to own a stock for 10 years, don’t even think about owning it for ten minutes.”

Predicting what a TSX stock will do in a week or a month is like predicting Canadian weather

The temptation to trade in and out of **TSX** stocks is high today. Yet, the more you trade, the greater the costs accumulate (trading fees, gains taxes, and reinvestment costs).

As well, trading puts the market in your hands. You are assuming that you can time and predict the short-term future of the market and a stock. Your chances of predicting the weather in the short-term are better. In Canada, that is a nearly an impossible task.

Yet, if you think long-term, the future is much more foreseeable. Winter turns to spring, then summer becomes fall, and the cycle begins again. It is the same with investing in productive businesses. Successful stocks with great management teams tend to outperform the market over time. Yet, just like Mr. Buffett, investors need to think years, not days or months.

As Warren Buffett has also stated, “When we own portions of outstanding businesses with outstanding managements, our favourite holding period is forever.” The point being, if a business is nailing it, why swap in and out. Chances are high, that its management team can compound capital far better than you can. So why diverge from the plan?

A top TSX software stock

One TSX stock that is ideal to own forever is **Constellation Software** ([TSX:CSU](#)). Over the past 10

years, it has one of the top returns records on the TSX. There is no reason it can't keep performing well going forward. Perhaps, not at the same 41% average annual return as in the prior 10 years.

However, even if this TSX stock achieves half that rate of return, it is pretty impressive. A 20% annual return could still double your investment in less than four years.

Constellation has a management team that is incredibly skilled at capital allocation. It has a very high return threshold on new software business acquisitions. Constellation buys these businesses at a good value. It then turns them into highly-valued, cash yielding machines.

It is also now [targeting larger businesses](#) with broader market verticals. That should continue to elevate new fields of growth. This TSX stock is never cheap. The market up-rates this stock based on its business model and outstanding management team. As a result, just buy it and plan to hold it a very, very long time.

A great diversifier

Brookfield Asset Management (TSX:BAM-A)([NYSE:BAM](#)) is another TSX stock that you buy to hold forever. Just like Constellation, it has an excellent management team that takes a contrarian approach to the market. This company has taken advantage of dislocations in the market time and time again. Over time, it has paid off in very stable investor returns.

This is a great TSX stock simply for its ability to broadly diversify your portfolio. It owns both private and public funds in real estate, infrastructure, renewable power, and private equity. BAM continues to expand its alternative offerings into insurance, technology, and debt instruments.

Each is a new avenue to expand assets under management and fee-related earnings. Likewise, BAM often gets to participate in the returns of its funds in the form of a "carried interest." Combine both of these measures, and this TSX stock has a very long-term earnings growth trajectory ahead.

Its stock is cheap compared to its net asset value. You only earn a small 1% dividend with this stock. However, you own it for management's strong ability to compound and reinvest internalized cash flows. Buy this TSX stock, tuck it away, and enjoy the benefits of a lifetime of value!

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1. Dividend Stocks
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1. NYSE:BN (Brookfield Corporation)
2. TSX:BN (Brookfield)
3. TSX:CSU (Constellation Software Inc.)

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