2 Great Canadian Stocks to Buy and Hold for Decades

Description

Time is an important variable when it comes to investments, as is timing, which is a bit different. Value investors who are also proponents of long-term holdings try to get both variables right. They try and ensure that the timing is right when they are buying a stock (like when it's fairly or undervalued), and they hold on to it for a long time, usually for decades, to maximize its return potential.

But there is one distinction that needs to be made. In the long run, the market is expected to offer you great returns compared to investment assets like gold. The S&P 500 has grown almost a 1,000% in the last three decades. But the situation might not be the same for many of the underlying stocks. So, when you are looking into stocks that might have the potential to offer great returns, in the long run, you have to be a bit more discerning.

There are two stocks that you might consider holding on to for decades.

A supermarket company

Metro (TSX:MRU) is one of the three largest Canadian supermarket and grocery players that have consolidated about 63.4% of the market. Metro has been around for over seven decades. It's Quebec based and maintains a significant presence in the region, but it also boasts a decent national footprint.

The company has two major businesses: food and pharmacy. It has seven brands and 950 stores under its food business, and 650 drugstores and five brands under its pharmacy business segment. Apart from its performance and status as an aristocrat, the nature of its underlying businesses is another reason why Metro is a stock worth holding for decades: food and medicine are two things people will always need.

It's offering a dividend yield of 1.78%, which is decent but not reason enough to keep Metro in your portfolio for a very long time. The main reason you might consider holding on to this stock for decades is its sustainable and moderately powerful 10-year CAGR of 15%, and the fact that it has been continuously growing its market value for at least the past two decades.

An insurance company

Apart from a dark phase during the Great Recession, the insurance business has stayed stable for decades. Many insurance companies have enjoyed decades of consistent and steady growth, and it includes Canadian insurance giant **Intact Financial** (TSX:IFC). The Toronto-based company has been operating for over two centuries and has established itself as the largest property and casualty insurance provider in the country, with a growing presence in the U.S.

Intact Financial operates through seven different brands and member companies. It has a sizeable consumer base in the country and has a powerfully stable investment portfolio, about 72% of which comprises fixed-income assets. IFC is also a Dividend Aristocrat and is currently offering a yield of 2%.

But the main reason you might consider investing in this insurance company is its growth potential. If it can sustain its 10-year CAGR of 15.6% for the next few decades, it will add enormous value to your portfolio.

Foolish takeaway

The two companies have sustainable businesses and a proven track record of profitability and growth. They have loyal consumer bases and a powerful position in their respective industries and little to no threatening competition. If they can manage to hold on to their current financial strength and build upon it, both companies will prove profitable additions to your portfolio.

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1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:MRU (Metro Inc.)

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