



Canadian Value Investors: 3 Top Stocks to Own Forever

Description

Canadian stocks have been having an impressive rally in 2021. It is largely thanks to value stocks. Canada has a plethora of value stocks, including financials, industrials, energy, and materials. As the world rebounds from the pandemic, these businesses are suddenly enjoying tailwinds from strong demand and positive economic fundamentals. Yet, given the strong rise, are there still any that present good “value” for the future?

Well, here are three Canadian stocks that still look reasonably priced today. What I like even more is that they all have great business models that make them great stocks to buy and hold for forever.

Brookfield Asset Management: A top Canadian “forever” stock

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) is a great Canadian “forever” stock. It is one of the largest alternative asset managers in the world. Consequently, investors get great exposure to attractive cash-yielding assets like renewables, real estate, infrastructure, private equity, and various financial assets.

Brookfield has some of the smartest managers and capital allocators in the world. It takes a contrarian approach to investing, so investors have to think long term. However, this stock can do well in almost every environment. It just came out with some stellar results, proving that its value investments can garner very attractive returns when markets are hot.

Today, this stock trades at a decent discount to its intrinsic value. Yet, given its great quality platform and balance sheet, I believe there will be lots of upside if you own it for the long term.

Alimentation Couche-Tard: An essential retail consolidator

Another great Canadian stock with an expertise in capital allocation is **Alimentation Couche-Tard** (TSX:ATD.A)(TSX:ATD.B). For a stock trading with a price-to-earnings ratio of only 14 times, this stock has produced an incredibly high return on equity of 24% over the past five years.

This company has been great at acquiring and consolidating convenience store businesses over the years. Yet, it is also seeing attractive organic growth opportunities through expanded product offerings, improved customer experiences, and even EV charging stations.

As travel and commuting trends normalize out of the pandemic, I expect it could see a nice uptick in gasoline margins and in-store purchases as well. With summer around the corner, I can't get enough of Circle K's ice cream Frosters. Next time I get one, I'll be even better off buying some shares as well.

Canadian National Railway: A stock down but not for long

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#)) is trading down almost 4% year to date. If there is one thing I have found to be true, when a railroad stock with CN's scale and quality dips, long-term investors need to buy. Railroad have been some of the most consistent and profitable businesses in North America for the past 100 years. They are essential to the economy, so they garner a certain "moatiness."

CN already has a great network, but the potential to acquire **Kansas City Southern** would really be icing on the cake. It would essentially make it a North American leader. Yet many investors haven't liked the deal and the stock has floundered. There are still major risks that the acquisition could fail due to regulatory hurdles. Yet, even so, CN still has an excellent quality business with ample room to improve efficiencies and grow organically.

Over the long term, this Canadian staple stock is a win-win. Its not often you can get these assets on sale, so when they drop, it's a great time to hop on the tracks and go for a lifetime ride.

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