



Canadians: Here's Why Long-Term Stock Investing Is Key

Description

We often say long-term investing is so important. You can buy stocks with short-term momentum or potential, but only if they are stocks that you also want to buy long term. But why is it so important to buy Canadian stocks for the long term?

[Warren Buffett](#) is one of the best investors, but why? Because of the incredible returns he has earned consistently and for over five decades.

Warren Buffett has grown his portfolio at a compounded annual growth rate of 20%. That means over the long term, his gains have averaged out to grow 20% consistently each year.

How has he done this? The answer is quite simple. The majority of stocks he has bought, he has held onto for the long term, if not forever.

Warren Buffett takes advantage of [compound interest](#), and you can, too, if you buy Canadian stocks to hold for the long run.

Although sometimes it's possible to make 100% in a year or even more, to do that consistently through short-term trading and speculating is next to impossible. That's why no traders like that are even close to as famous as Buffett.

Consider this. If you started with \$10,000 today and could double it every year, after 10 years, you would have more than \$10 million, and after 15 years, you would have more than \$325 million.

However, you never hear of this happening, because it's so hard to do. And at the same time, it's extremely risky.

Long-term investing is the best way to lower your risk but continue to have exposure to equities and growth of your capital long term.

A top Canadian stock to buy and hold forever

Not every company is worth buying and holding for the long term. Stocks that we want to hold forever will be superior businesses that dominate in their industry. Furthermore, that industry they operate in should have tonnes of long-term growth potential or, at the very least, be a staple of our economy.

One of the best Canadian stocks to buy today is **InterRent REIT** ([TSX:IIP.UN](#)). Real estate, especially residential real estate, is an industry that almost every investor will want to have exposure to.

Traditionally, residential real estate is one of the most defensive industries there is, which is why it's such a great investment. And while that may be true, the number one reason to consider an investment in InterRent is for long-term growth.

InterRent has been one of the most impressive Canadian stocks over the last decade, and there is no reason why it can't continue to outperform both its peers and the market as a whole.

Over the last decade, InterRent investors have seen a total return north of 925%. That's a compounded annual growth rate upwards of 26%, making it one of the best stocks in Canada over the last 10 years.

InterRent's growth strategy is simple. The company finds assets such as apartment buildings that it thinks are undervalued or in need of investment. It then invests the required capital to renovate or improve the assets.

This not only grows unitholder value by improving the value of each apartment, but it also allows InterRent to increase the rents it's charging, which drives a rapid increase in cash flow.

InterRent has done this time and again, proving it can grow shareholder value rapidly and consistently. So, if you're looking for a top Canadian stock today, I'd consider InterRent or look for companies just like it. Several Canadian stocks offer a compelling opportunity at today's prices.

Bottom line

Long-term investing is ideal because, as investors, we still have tonnes of potential to grow our money. The only difference is, when you give yourself a longer time horizon and buy high-quality stocks, the growth potential stays the same, but the level of risk is severely reduced.

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