



Here Are 3 Great Canadian Stocks to Buy and Hold Forever

Description

Canadian stocks have seen a huge amount of volatility over the past two years. Considering the complexity in the world today, volatility is likely going to be around for a long time to come. One way you can overcome the worries of the day-to-day stock markets is to invest like you're a private business owner.

Invest in Canadian stocks like a private business owner

A private investor generally has a long-time horizon. If they really like the business, it is something they will pour their heart, mind, and soul into. Fortunately, with stocks, you don't have to do any of the work to operate a business.

However, you do need to research and understand what makes a business a great investment. You need to ask, what will keep this business operating in the future? More importantly, however, ask, will it be more profitable and valuable in the future?

If you can say yes to both, then that is a stock to own for as long as it makes sense. If you want to be an investor and build a lifetime of wealth, here are three great Canadian stocks you can buy, hold, and own for just about forever.

A Canadian tech stock I wish I'd bought sooner

Despite having earned long-term shareholders a whopping 7,238% return since 2007, I believe **Constellation Software** ([TSX:CSU](#)) remains a great Canadian stock to own in the future. This [tech stock](#) has just demonstrated the power of patience in investing. If you find a business that is great at compounding capital, why trade in and out?

Constellation is a master of compounding shareholders' capital. It acquires niche vertical market software (VMS) businesses and turns them into cash cows. It then takes the proceeds and reinvests the cash into new businesses. When it invests, it expects very high hurdle rate for returns. The best is

that it never dilutes shareholders by issuing equity. Its growth strategy is totally self-funded!

Certainly, due to the law of large numbers, this Canadian stock's growth will slow. However, if that happens, it will be a cash-yielding behemoth. If it can garner even half its historical annual average return of 37%, it would still be a very attractive investment today.

A tech stock in the early innings of its growth plan

If you want to invest in an up-and-coming Constellation “look-a-like,” **Topicus.com** ([TSXV:TOI](#)) is also very interesting. As a recent spin-off of Constellation Software, it is replicating a similar consolidation strategy, but in Europe. This business has a similar decentralized operational model, which I believe will be attractive to other European tech entrepreneurs.

Unlike Constellation, however, this business is also very focused on organic expansion. Its software solutions are tied to banks, government services, and education providers, so its revenues are very sticky. It has ample room to expand services geographically. Today, this Canadian stock has a market capitalization of only \$3 billion. From here, it still has ample room to multiply shareholders' capital for years ahead.

A Canadian financial stock for almost every portfolio

No discussion about compounding capital would be complete without mentioning **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)). This is an all-around great stock for Canadians to own as an anchor in their portfolios. As one of the largest alternative asset managers, BAM gives investors incredible exposure to a diverse array of assets. These are assets like real estate, infrastructure, renewable power, distressed debt, private equity, and reinsurance.

Brookfield is an expert at contrarian investing. It has the balance sheet and the management expertise to be patient. It generally acquires assets in down markets and then sells them at high premiums in up markets.

Over the past five years, [it has grown](#) assets under management, fee-related earnings, and distributable earnings (its complete profitability metric) by a compounded annual growth rate of 26%, 22%, and 31%, respectively. For such a large, solid business, this stock still trades at a discount to intrinsic value. Considering this, it is a great Canadian stock to buy today, hold, and own for forever.

CATEGORY

1. Investing
2. Personal Finance
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. TSX:BN (Brookfield)
3. TSX:CSU (Constellation Software Inc.)
4. TSXV:TOI (Topicus.Com Inc.)

PARTNER-FEEDS

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Date

2025/07/23

Date Created

2021/06/10

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