



2 of the Best Canadian Stocks to Buy and Never Sell!

Description

In 2021, Canadian investors have enjoyed a pretty good year in the stock market. The **TSX Index** has been trading over 20,000 points and has been hitting all-time highs. Yet, as the market rises, investors need to be weary of speculative “hype” trading.

In the United States, “Reddit stocks” like **GameStop** and **AMC Entertainment** have been driven up in attempts to squeeze short hedge fund positions. Even well-known Canadian stocks like **BlackBerry** have benefited from aggressive price movements.

Reddit “hype” stocks are risky

While this is exciting and the gains can be tremendous, it is more or less gambling. The worrying part is that these stocks can fall as quickly as they rise. You don’t want to be a buyer when the trade suddenly turns.

Personally, I am just not smart enough to time when to get in and out these speculative trades. As [Warren Buffett](#) has said, “If you aren’t willing to own a stock for 10 years, don’t even think about owning it for 10 minutes.” Like Mr. Buffett, I prefer a more passive investing approach. This means buying great quality businesses and then holding onto them for as long as they are great businesses.

Buy great Canadian stocks and don’t worry about the market

When you buy for the long term, you avoid volatility derived from the stock market. Markets rise and crash, but great quality businesses just chug away, producing stable earnings and cash flow growth. Over the passage of time, the market always rewards a fundamentally productive company.

That’s why I prefer to let my top stocks do the compounding grunt work for me. If I could own only two Canadian stocks for the next 10 years, these two would be at the top of my list.

A top asset manager

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) is the ideal anchor stock for every Canadian's portfolio. While the fundamentals for this business keep improving quarter over quarter, its stock price appreciation still lags its operational performance.

Despite a decent run-up this year, it still trades at [a discount to its intrinsic value](#) and a discount to other asset managers. That is despite having record fundraising and multiple avenues to grow its asset base and fee-bearing capital.

This Canadian stock gives investors a great diversified mix of businesses under the Brookfield banner. It manages and operates real estate, infrastructure, renewables, private equity, specialized debt, and insurance businesses. Just owning this stock gives investors broad exposure to diverse geographies and sectors. For one stock with great compounding capabilities, this one to own for a lifetime.

A top Canadian retail stock

Another Canadian stock to buy and never sell is **Alimentation Couche-Tard** (TSX:ATD.A)(TSX:ATD.B). While convenience stores are not the most exciting businesses, Couche-Tard has a well-regarded brand and a strong investment track record.

Had you bought and held this stock over the past 10 years, you'd be sitting on a pretty 592% gain. That is a 33% average annual return (not including dividends either)!

Couche-Tard is very good at allocating capital. As with many [strong capital allocators](#), it has a lean corporate structure, decentralized operational units, and managers that are very good at executing.

This Canadian stock has largely grown by acquisition. However, organic growth is becoming a larger part of its business (including expanding its EV-charging footprint). When it invests in its business, it generally targets a 15% return on invested capital. For a staple-type business, that is impressive.

This Canadian stock has had recent rebound, but it is still relatively cheap. Given the long-term potential, this a great business to buy and hold for the long haul.

CATEGORY

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1. NYSE:BN (Brookfield Corporation)
2. TSX:ATD (Alimentation Couche-Tard Inc.)
3. TSX:BN (Brookfield)

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