



Canadians: 3 Factors that Make a Stock a Great Long-Term Investment

Description

We all want to find the highest-quality Canadian stocks possible to grow our hard-earned money rapidly. And while quick short-term gains are most enticing on the surface, it's well known that if you want to be consistently successful, you need to buy Canadian stocks as a long-term investment.

To find the best Canadian stocks to buy long-term, there are a few factors that all of these businesses have in common.

So while you can research which stocks are the best to buy today, knowing what to look for in a business will be key to analyze potential investments at any time over the coming years.

So without further ado, here are three of the most important factors to look for in Canadian stocks before you make a long-term investment.

Canadian stocks in a strong industry are great long-term investments

One of the first and most important factors to identify before you buy a Canadian stock for the long term is analyzing the industry that it's in.

You want to make sure that the industry is either growing rapidly or a staple of the economy. While the business is crucial and how it can adapt plays an important role, the industry can be a big factor too.

No matter how great a Canadian stock has been in the past, if it operates in the newspaper industry, for example, it's probably not going to be a top long-term investment.

That doesn't mean it can't overcome the headwinds it faces, however. There are ways those companies can adapt. However, you'll have a much easier time finding a top long-term investment in an industry like [real estate](#), which is a staple, or renewable energy, which will be growing for decades.

And because these stocks don't face natural headwinds like a newspaper company would today, they

have a lot more potential to grow rapidly over the years.

Superior economics and operations to its competitors

Another significant factor you want to look for are companies with incredible economics and strong operations.

Having a high-quality business model is crucial, especially if you're buying a stock with strong competition. The economics of a business is key, as it can impact how much [margin](#) a company makes and the potential it has going forward.

The best Canadian stocks to buy as a long-term investment will not only be businesses with impressive economics, though. You also want a company that can differentiate its operations from its competitors.

Ask yourself, is the stock in question the most dominant company in its industry today? If not, what will make it the most dominant, and how hard will it be to accomplish?

If you're satisfied with your answer, the Canadian stock could be the perfect long-term investment.

The ability to adapt and be flexible

Before you pull the trigger, though, there are a few more factors to research. And one of the most important qualities you'll want to make sure a business has before you buy is the ability to adapt to changing economic conditions.

To own a Canadian stock as a long-term investment, you need to be confident that the company can adapt and overcome problems that materialize.

A good way to gauge this is by researching how a company has performed in the past and used changes as opportunities rather than headwinds.

A great example of a top Canadian stock that fits the bill and has proven to be a high-quality long-term investment is **Canadian Tire** ([TSX:CTC.A](#)).

Canadian Tire is a retail stock and one of the best growth businesses in Canada. However, despite being a consumer favourite and having an incredibly popular brand in Canada, the company is a retail stock and has faced many headwinds in recent years.

The company has tackled all of these problems head-on, though, and for that is a much better company today as a result.

It's built an incredible portfolio of businesses, continues to find ways to grow, and has used the growth in e-commerce to its advantage rather than allowing it to impact its business.

There's a reason Canadian Tire has gained nearly 300% over the last decade. The Canadian stock is one of the best you can buy as a long-term investment today.

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Author

danieldacosta

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