



3 Stocks You Can Buy and Hold Forever

Description

Investors that are able to pick quality companies and hold them over long periods set themselves up for success. Really, that's all investing is. Many people try to time the market or trade in and out of positions but most of the time, those actions can do a lot more harm than good. So, if you're looking to create sustainable wealth for yourself, adopt a buy-and-hold strategy. Here are three stocks you can buy and hold forever.

Start with the banks

When Canadians start picking stocks, they often first choose to go with one of the Big Five banks. The main reason for this decision is that the Big Five have created such a large moat over the years due to heavy regulations within the Canadian banking industry. This means that new competitors that are able to enter the market won't have an easy time trying to displace the industry leaders. Within that group, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) stands out as my top pick.

Unlike its peers, which have heavily concentrated growth efforts within North America, Bank of Nova Scotia has decided to expand into emerging markets. Although this is a riskier decision, it could also prove to be very lucrative. Bank of Nova Scotia has set up shop in the Pacific Alliance, a region that includes Chile, Columbia, Mexico, and Peru. Economists forecast that those countries are poised to see lots of growth in the coming years due to a rapidly growing middle class. If that happens, the Bank of Nova Scotia could be in for major returns.

One of Canada's most reliable compounders of wealth

The reason you want to hold quality companies over long periods is that it gives your position the opportunity to compound over time. For example, a position worth \$1,000 would be worth \$1,100 after a 10% gain. After another 10% gain, that position would now be worth \$1,210. Although the difference is small to start, this snowball effect can really pick up over the years. Take **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) for example. The company has been one of the best compounders on the **TSX** for decades.

Since August 1995, Brookfield stock has gained an average annual return of 15.88%. This is about three times greater than the return of the TSX over the same period. For some perspective, a \$10,000 investment made at that time would be worth nearly \$500,000 today. This proves how important compounding your wealth could be. Helping power these staggering returns, Brookfield management always aims to stay ahead of the game. Last month, the company announced it would be partnering with **Tesla** to develop North America's [largest sustainable neighbourhood](#).

A top growth stock for your portfolio

Finally, investors should consider adding a top growth stock to help boost returns. Including a company like **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) into your portfolio could have helped you beat the market by a wide margin over the past few years. A company that really needs no introduction, Shopify provides businesses with a platform and all the tools necessary to operate online stores. By making itself appealing to everyone from first-time entrepreneurs to large-cap companies like **Netflix**, Shopify puts itself in a great position to succeed.

In its latest earnings presentation, Shopify reported that its Q2 revenue had increased 57% year over year. This is a very impressive result as the company reported a staggering 97% increase in Q2 revenue from 2019 to 2020. This proves to investors that Shopify's platform still has room to grow even as we exit the pandemic.

Despite the company's massive gains since its initial public offering, there is still [a lot of growth](#) to be had here. Shopify is a stock that investors should hold for the long term.

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2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:SHOP (Shopify Inc.)
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5. TSX:BNS (Bank Of Nova Scotia)
6. TSX:SHOP (Shopify Inc.)

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