



2 Canadian Stocks to Buy Now and Hold Forever

Description

Canadian stocks are looking a bit [bearish](#) this December. Frankly, it can be hard to know how to invest in this environment. One unique investing approach is to buy great quality companies, tuck them away, and simply hold them for forever. Some call this the “coffee can” investing approach.

Coffee can investing can save your mind and your portfolio

It comes from the idea of hiding share certificates in a coffee can somewhere out of reach. This approach is unique for a few reasons. Firstly, it helps remove emotions from your investing decisions. If you need to make a trade in or out of a stock, it better be for a well thought, rational reason.

Secondly, avoiding the day-to-day volatility of the stock market can be good for your mental health. The stock market is a roller coaster, don't let it rob you of your Christmas joy.

Lastly, buy-and-hold investing makes you think like a shareholder, not a gambler. You are investing in a business with real services and products. It can take years for a company to fully manifest its potential. Patience can go a long way to ensure that you profit through the entire cycle of a business.

Short-term volatility matters less when you buy and hold stock forever

After owning a stock that has compounded for years or even decades, volatility really matters less. What gives if a stock is down 15% or 20% in a month? If that business has the [“secret sauce”](#) nothing has fundamentally changed other than the stock price.

So, if you are ready to forget volatility and just buy and hold great stocks for forever, here are two Canadian stocks I would be looking at today.

A top Canadian software stock

Constellation Software ([TSX:CSU](#)) is one of Canada's best performing stocks. Over the past 10 years, it is up nearly 3,500%. Since inception, it is a 100-bagger. The company has made its bread-and-butter by acquiring vertical market software businesses across the world. Since many of these businesses are small and niche-focused, they fall under the radar of venture capital and institutional investors.

Consequently, Constellation has been able to consolidate a large diverse market segment, with very little competition. It has consistently generated very high returns on invested capital. Now that it is a substantial company (market capitalization of \$46 billion), the company is broadening its investment framework. It is looking for larger businesses and potentially even different software verticals. Likewise, it recently spun out **Topicus.com**, a uniquely European focused business.

Constellation has some of the top managers in the world, a solid balance sheet, and a very shareholder friendly structure. This is one Canadian stock you can trust to compound your wealth in 2022 and for many years ahead.

A top Canadian financial stock

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) has been a great compounder for years. It has grown into one of the largest alternative asset managers in the world. It has \$650 million of assets under management. While it has not grown as fast as Constellation, its stock has steadily compounded at a 20% rate over the past five years.

As BAM gets bigger, it is actually getting more opportunities to expand the types of funds and services it provides. Interest rates are expected to stay relatively low for a long time. If that occurs, institutional capital will continue to flock to alternatives (real estate, infrastructure, [renewables](#), etc.) for steady, high-yielding returns.

As a result, BAM is in an ideal position to be a primary choice for these investments. BAM has a diversified business, a strong management team, a well-capitalized balance sheet, and multiple opportunities to grow. For a low-risk business with steady upside, BAM is one Canadian stock I'd hold for life.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

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2. TSX:BN (Brookfield)
3. TSX:CSU (Constellation Software Inc.)

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Author

robbymbrown

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