



Young Investors: 3 Top Canadian Stocks to Buy and Hold Forever

Description

Now is the perfect time for young investors to start investing in Canadian stocks. Many high-quality stocks in Canada and the U.S. have pulled back in the past few months. As a result, valuations are much more attractive for new investors to enter the markets. While it is contrary to our feelings, the best time to buy stocks has been in market pullbacks like this.

Take a long-term investment approach and you will have less to worry about

Over the long-term, stock markets are resilient. High-quality businesses with strong balance sheets, great products/services, and smart managers are even more resilient. As [Warren Buffett](#) has said, “All there is to investing is picking good stocks at good times and staying with them as long as they remain good companies.”

The longer you stay with a business, the longer it can compound your capital for you. Investing with a very long time horizon (at least five years, but a decade or more is preferable) is crucial to compounding. A quality company’s results are not measured in months or quarter, but years and decades.

Let compounding build a lifetime of wealth

That is why it is great to be a young investor. The sooner you start the compounding process, the faster your money snowballs into [generational wealth](#). If you are young and want to be wealthy one day, save as much as you can, invest as much as you can, and then be patient.

While money doesn’t grow on trees, it does grow in the stock market. Here are three high-quality stocks I’d recommend a young investor consider buying and owning for the long term.

Constellation Software: A great Canadian growth stock

Constellation Software has been one of the best performing Canadian stocks over the past 15 years. It has a strategy to acquire and consolidate niche vertical market software businesses across the world.

This Canadian stock has multiplied shareholder returns by more than 100 times! While it is now a large company, it still has many levers of growth ahead. Likewise, it has one of the best management teams in the world.

Topicus.com: Constellation's little European brother

However, I am especially interested in Constellation's recent spin-off, **Topicus.com** ([TSXV:TOI](#)). Topicus.com is accomplishing the same strategy as Constellation, but specifically in Europe. Europe does not have the same competitive acquisition market as in North America, so Topicus has a large opportunity to consolidate the market.

Likewise, a good portion of its business is focused on growing its software businesses organically. As a result, shareholders should enjoy both organic and acquisition growth in the years to come.

This Canadian stock has been volatile this year and it is down around 16% year to date. While it is not a cheap stock, it has the potential to deliver very strong Constellation-like returns in the years ahead.

Calian Group: A reasonably priced Canadian growth stock

Another great Canadian stock to own for years to come is **Calian Group** ([TSX:CGY](#)). Calian operates four diverse tech-focused businesses in training/education, cybersecurity/IT, health care, and advanced technologies. Given its diversity, the company has a relatively stable, resilient business model.

Calian has been growing through a combination of [smart acquisitions](#) and strong internal growth. Over the past few years, it has delivered around 20% annual revenue growth. Adjusted EBITDA and adjusted earnings have been growing annually at almost double that rate.

Some of its largest customers are related to national defence. Given the conflict in Ukraine, Calian could see its backlog rise as military spending increases.

Despite a recent 7% rise in this Canadian stock, it still trades at a reasonable growth to value proposition. This is a great long-term stock at a very fair price right now.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:CGY (Calian Group Ltd.)
2. TSXV:TOI (Topicus.Com Inc.)

PARTNER-FEEDS

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2. Koyfin
3. Msn
4. Newscred
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