



3 TSX Stocks I Will “Never” Sell

Description

There are some **TSX** stocks I plan to just “never” sell. There are many reasons for this. Firstly, these stocks have exceptional managers. The management teams often have significant ownership in the stock. “Skin in the game,” as many commentators call it, is a great way to know if a management team is aligned with shareholder interests.

Secondly, these companies have a great track record of strong historic returns. While past returns are not a guarantee for the future, past returns do indicate that a company has a certain “secret sauce” for financial and operational success.

Thirdly, my “never sell” TSX companies generally have strong balance sheets, great products and services, and significant opportunities for growth ahead.

A long-term trend or a durable/dominant product or service can ensure the longevity of a business’s growth pipeline. At the end of the day, earnings per share and cash flow growth determine the success of a TSX stock over the [long-run](#).

With this criteria in mind, three [TSX stocks](#) that I plan to never sell are **Constellation Software** ([TSX:CSU](#)), **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)), and **Brookfield Asset Management** ([TSX:BAM.A](#))([NYSE:BAM](#)).

Constellation Software: A top TSX compounding stock

Constellation Software is one of the best performing stocks in North America over the past few decades. Since 2012, it has delivered a very strong 2,350% total return. On an annual basis, that is a 37.5% average return. For context, \$10,000 put into this stock in 2012 would be \$244,700 today.

Constellation has grown by consolidating hundreds of small vertical market software businesses around the world. The company has a decentralized operational model so it can nimbly deploy capital at the corporate and division level.

Last year, it deployed the most capital in its history. This year, it's on track for a very large year of capital deployment. That all means more cash generation and more deployment opportunities, a perfect compounding formula.

Descartes Systems: A software for life

Descartes Systems operates crucial logistics software and networks for the global transport and logistics sector. Over the past decade, it has delivered a 968% total return. Annualized, that is a 26.7% average return! \$10,000 put into Descartes stock in 2012 would be worth \$106,869 today.

Descartes services are essential to its customers. Given global supply chain challenges, its process-simplifying software helps customers save time, effort, and money. Descartes strives to make customers for life.

This TSX stock has a cash-rich balance sheet. It's grown by acquiring smaller logistics software providers and integrating them into its broader platform. Today, this business is incredibly profitable and has a solid outlook for mid-to-high teens growth over the long-term.

Brookfield Asset Management: A core TSX stock in my portfolio

Brookfield Asset Management is an ideal portfolio anchor and diversifier. It manages and owns stakes in a diverse group of alternative asset businesses such as renewable power, real estate, infrastructure, private equity, and insurance.

The company has delivered solid long-term returns. Since 2012, shareholders have earned 358% or 16.5% annualized. That number doesn't even include several businesses that were spun-off to shareholders as well.

Brookfield has a very smart CEO and management team who own significant stakes in the business. They have a value investment approach that [buys assets](#) when the market is beaten up and capitalizes when the market peaks. With a strong balance sheet, I expect great opportunities in store to swipe up cheap assets for long-term strong returns.

CATEGORY

1. Investing
2. Stocks for Beginners
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. NYSE:BN (Brookfield Corporation)
3. TSX:BN (Brookfield)
4. TSX:CSU (Constellation Software Inc.)
5. TSX:DSG (The Descartes Systems Group Inc)

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