



4 TSX Stocks to Buy Today and Hold Forever

Description

Investing in [TSX stocks](#) has been incredibly volatile in 2022. For many investors, the severe downturn in stocks has been very hard to handle. If this happens to be you, it may be prudent to extend your investment horizon to years and even decades. Some call this the “coffee can” investing approach.

Buy stocks in high-quality businesses, tuck them away in a [registered tax-advantaged account](#) (like a Tax-Free Savings Account, or TFSA, or a Registered Retirement Savings Plan, or RRSP), and hold them for years and years. Not only does this relieve the stress of monitoring the market minute for minute, but it has proven to be a very successful strategy for compounding wealth.

If I were looking for TSX stocks to simply buy and hold forever, here are four I'd consider today.

A top TSX technology stock

Constellation Software ([TSX:CSU](#)) has to be on the top of this list. For the past 10 years, this TSX stock has compounded returns by a 33% average annual rate (or 1,659% in total).

Constellation's strategy to consolidate hundreds of small and medium software businesses has been very successful. Its acquisition machine has only been accelerating in the past few years. This year, it has acquired nearly \$2 billion worth of businesses alone.

Constellation has a renowned management team with a large ownership stake in the business. Constellation is very intentional about allocating its capital at high rates of return. The more businesses it owns, the more cash it reaps, and the more it can re-invest. It is a wonderful formula for compounding returns over long periods.

A TSX financial stock with big growth expected

Another great TSX stock for the long term is **Brookfield Asset Management** (TSX:BAM.A). Brookfield manages a massive \$750 billion empire of alternative assets (real estate, infrastructure, renewables, [private equity](#)).

, and insurance). It has plans to grow its assets under management (AUM) to over \$2 trillion over the coming five years.

Brookfield has delivered solid 15% average annual returns over the past 10 years. However, if management can achieve its plans, returns could be set to accelerate going forward.

BAM is set to spin out 25% of its asset management business in the coming months. That could be a significant catalyst to unlock value for shareholders ahead.

Top dividend stocks for the long run

If you are looking for [income stocks](#), you can't go wrong holding **TELUS** ([TSX:T](#)) or **Fortis** ([TSX:FTS](#)) for years to come. These TSX stocks are not likely to grow at the same double-digit rate as Constellation or Brookfield. However, you will collect a fair dividend yield, predictable dividend growth, and reasonable capital upside over time.

Fortis has a 49-year history of consecutively increasing its dividend. Its electric/gas transmission and distribution business is very [defensive](#).

With a large capital plan, it has a foreseeable outlook to produce 6% compounded rate base growth and annual dividend growth in the range of 4-6%. With a yield of 4.27%, it looks attractively priced today.

TELUS has increased its dividend for 19 consecutive years. It just raised its quarterly dividend by 7.2% (its second dividend increase this year). Everyone needs internet and wireless services and TELUS has been winning market share in Canada.

Excess funds have been investing in several digital verticals that could accelerate its growth profile in coming years. TELUS gives long-term shareholders a nice 4.85% dividend yield today and a stable growth outlook likely for decades ahead.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:BN (Brookfield)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:FTS (Fortis Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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Date

2025/08/12

Date Created

2022/11/17

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