2 Canadian Stocks to Buy and Hold Until You Retire

Description

If you have a long investment horizon, investing in Canadian stocks can be a powerful tool for building wealth. Investing sounds easy, but it can also be fraught with challenges. The stock market is a liquid "market," meaning stocks change hands every single day. That liquidity can create volatility in stock prices in day-to-day trading. 2022 has been an incredibly volatile year.

Buy stocks in great Canadian companies for the long term

One way to combat volatility is to think of stocks as stakes in real businesses. If you buy businesses that have strong balance sheets (not too much debt), great products/services, smart managers, and attractive prospects for growth, the day-to-day trading of its stock matters so much less.

Over long periods of time, stock prices tend to follow the rising value of a business. That value is impossible to predict in the short term. However, over the long term, a stock always rises with the per-share earnings and cash flow growth of the business.

If you are looking for long-term stocks that you can buy and hold until you retire, **Brookfield Infrastructure Partners** (TSX:BIP.UN) and **WSP Global** (TSX:WSP) should be on your radar. One is a solid stock for income, and the other is a long-term hold for growth and compounding returns.

Brookfield Infrastructure: A top Canadian growth and income stock

Around the globe, there is an insatiable need for infrastructure to support population growth and the rising standard of living. Investments in transportation, energy, essentials (like water and agriculture), and data are likely to keep growing for decades to come. That is why Brookfield Infrastructure is a perfect long-term hold.

It was one of the first stocks in the world to singularly focus on acquiring and operating a diverse array of infrastructure assets. Over the past decade, it has compounded total annual returns at an attractive 14.77% rate. In total, shareholders have earned a 300% return. For a very defensive stock, that is an attractive return profile.

Most of Brookfield's assets are regulated or have long-term contracts, so it has some downside protection. Over 70% of its cash flows are indexed to inflation, so that provides an attractive earnings hedge. The company just delivered exceptional 15% growth in its recent quarter.

With a solid balance sheet, this Canadian stock is in a strong position to continue growing both by acquisition and internal investment. It pays a nearly 4% dividend today and has a great track record of dividend growth.

WSP Global: A top stock for long-term compounding

WSP Global (TSX:WSP) is a different way to play the long-term infrastructure trend. It provides engineering, design, project management, and consulting services around the world. In essence, it helps get large scale infrastructure projects completed from start to finish. What I like about WSP is that it only provides services and has nearly zero construction risk.

WSP has been a great consolidator of the consulting industry. Over the past 20 years, it has made over 100 acquisitions in the space. Returns have been impressive. It has delivered a 21.3% average annual return since 2012. That is a 450% total return.

This Canadian stock only pays a minuscule 0.94% dividend yield. However, it has used cash flows to re-invest in organic and acquisition growth. Despite a tough year, WSP continues to deliver strong earnings. It even raised its guidance after its recent third quarter.

If you just want a well-managed company that has a very long tailwind for growth, WSP is a great Canadian stock to buy today and hold well into retirement.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
2. TSX:WSP (WSP Global)

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