Got $2,500? 2 Top Stocks That You Can Buy and Hold for a Lifetime

Description

As we are starting fresh in the new year, it's a good idea to review 2022. At a high level, the Canadian stock market fell 9% last year. But the total return was about -6.4% thanks to the cash distribution.

You could have gotten better returns with these two top TSX stocks. Interestingly, they seem to exhibit stronger price momentum and resilience than the market. If you've got $2,500, you can buy and hold them for a lifetime and watch your wealth grow while having less anxiety.

A top insurance stock

Intact Financial (TSX:IFC) stock performed three times better than the market by rising 18.5% in 2022. The total return was north of 21%. Based on the relatively high inflation that peaked 8.1% in June last year, its shareholders still saw their wealth swell with a real rate of return of +12.9%.

Christine Poole, chief executive officer and managing director of GlobeInvest Capital Management, noted one reason why Intact Financial may have done so well. The property and casualty insurance company is able to re-price its products annually. Additionally, as a leader in the space, it has pricing power.

Surely enough, Intact Financial stock has outperformed the market in the long run. For example, its 10-year total returns are approximately 14.4% annually — 76% higher than the market's return of about 8.2% in the period. According to the Rule of 72, the top TSX stock doubled investors' money in about five years.

The company has a track record of producing industry-leading returns on equity. It's also focused on growing its operating income on a per-share basis, which has translated into healthily growing dividends that benefited shareholders.

Specifically, the insurance stock has increased its dividend for about 17 consecutive years with a 15-year dividend-growth rate of 8.5%. At just under $195 per share at writing, it trades at a small discount and yields just over 2%.

A resilient industrials stock

Like Intact Financial, **Canadian Pacific Railway** (TSX:CP) stock has also outperformed the market last year and in the long run. In 2022, CP stock delivered total returns of 11.8%. Based on the average inflation of about 6.8% in Canada last year, Canadian investors in the stock still became wealthier.

Investors are even more impressed with their long-term returns. For instance, its 10-year total returns are about 21% annually. In other words, the top industrial stock doubled investors' money in roughly 3.4 years or turned an initial investment of $10,000 into $81,477 in the decade.

The railroad company is the backbone of the North American economy. In fact, its already wide network is about to stretch into Mexico as well with the Kansas City Southern (KCS) acquisition. CP already earns strong returns on equity. With a more far-reaching network with the KCS integration, CP could have more pricing power.

At just under $111 per share at writing, analysts believe the railroad stock trades at a small discount of close to 12%.

The Foolish investor takeaway

To become wealthier, in the long run, after taking inflation into account, it's a good idea to buy and hold top stocks like Intact Financial and CP, especially if you add them on meaningful dips.

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2. TSX:IFC (Intact Financial Corporation)

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