



Forget Speculating: Here Are 3 Top Canadian Stocks to Buy Right Now

Description

We thought 2020 was an interesting year, but 2021 has not disappointed investors as far as excitement goes. Excitement, though, isn't always what you want when talking about your investment portfolio.

The unbelievable short squeezes that investors witnessed earlier this year were the first of that magnitude. Short squeezes are definitely not new to the stock market. It's the levels that several stocks soared and plummeted to that was new to the stock market.

Whether or not you lost or made money through the recent short squeezes, most people wouldn't consider that investing. Rather, it's speculating the direction a price is going to move in the near term.

One thing that I can think most investors can agree on is that the recent volatility has been entertaining. Even though I had zero intention of ever picking up shares of **Gamestop** or **AMC**, there was a certain level of excitement that came from following the price movements.

I never considered adding those two companies to my portfolio because I believe the word *excitement* should not be used to describe your investing strategy. Your best odds of building wealth through the stock market come from buying and holding top companies for the long term.

If you're looking to build a portfolio of stocks with a goal of earning wealth over the long term, you can forget owning companies like Gamestop and AMC. Instead, here are three [top Canadian stocks](#) that can get you on the right track to building long-term wealth.

Brookfield Asset Management

If you're looking for a top Canadian stock to be the cornerstone of a long-term portfolio, there aren't many better choices than **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)).

The \$80 billion asset management company offers [market-beating growth](#) potential and broad diversification. Over the past decade, shares are up nearly 300%. In comparison, the Canadian market has returned just 30%.

In terms of diversification, owning shares of Brookfield Asset Management is like owning a total stock market index fund. The asset management company invests primarily in real estate, renewable power, infrastructure, and private equity. The company's objective is to deliver wealth for its shareholders over the long term.

Algonquin Power & Utilities

Another reliable choice for a long-term investment portfolio is **Algonquin Power & Utilities** ([TSX:AQN](#)) ([NYSE:AQN](#)).

The stock is partially a utility company but also a renewable energy provider. As a result, the stock can provide investors with a certain level of defensiveness due to the reliable income stream from its utility business. But since it also operates in the fast-growing renewable energy sector, shareholders of this Canadian stock have the chance to earn market-beating growth over the long term.

In addition to providing market-beating growth potential and defensiveness, Algonquin Power & Utilities owns a top dividend. Its annual dividend of \$0.78 per share is good enough for a yield of 3.5%.

Constellation Software

Last on my list of top Canadian stocks is **Constellation Software** ([TSX:CSU](#)). Of the three companies I've reviewed, it's by the far the leader in terms of growth potential.

The tech stock has been a 30-bagger over the past decade. I wouldn't bank on a repeat performance over the next 10 years, but outperforming the broader market should not be too much to ask for the \$35 billion tech company.

Constellation Software relies on its aggressive acquisition strategy to keep the market-beating growth continuing. The frequent acquisitions allow the tech company to build strong market positions in a wide range of different industries.

Of the three Canadian stocks I've covered, Constellation Software is the most expensive. Growth of 3,000% over the past 10 years means you'll need to pay up to own shares of the tech stock. At a forward price-to-earnings ratio of 40, it's not cheap, but I'd still consider it reasonably priced considering its growth potential.

CATEGORY

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BN (Brookfield Corporation)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BN (Brookfield)
5. TSX:CSU (Constellation Software Inc.)

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