
FIVE STOCKS TO HOLD ONTO

— *For* —

FIVE YEARS



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Introduction

In a disposable economy, do you want something financially stable? Is there an investment strategy that can provide perpetual dividends without the chaos of day trading? Is there a stock that you'd be willing to buy and hold for the rest of your investing life? Would you know it if you saw it?

To answer these questions, I'll share with you some helpful criteria that you can apply to your favorite company.

- There is evidence that the company is an industry leader for a significant amount of time
- It demonstrates it easily navigates everchanging market conditions and industry disruptors
- It puts customer experience (CX) at the forefront of its product development
- You can afford the cost per share and in return you'll receive a fair value



Introduction

Below are some examples of companies that I believe meet all of the criteria. These are very large multinational companies. All have a track record of being industry leaders, which all started out in a specific market segment. They evolved and were able to adapt to changing conditions. There isn't a Blockbuster or Eastman-Kodak in the bunch. Their customer experience and product development have kept up with their customers' changing appetites. Though the stock price of each of the companies has regularly risen, they are still an excellent value and very affordable. Each one could be purchased and held for a minimum of five years, but it is very likely you'd want to hold it well beyond.



Five Stocks to Hold onto for Five Years or More:

Pfizer (PFE):

Pfizer is a multinational biochemical company that has several drugs or products each of which generate over \$1 billion in sales annually. In the first quarter of 2022 Pfizer paid its 333rd consecutive quarterly dividend which is over 83 years of regular dividends.



Pfizer produces medicines and vaccines for a variety of medical conditions. Most recently the company is notable for its COVID-19 vaccine which helped to alleviate the pandemic. With an aging population and dramatic advances in medicine Pfizer is uniquely positioned to continue to be one of the leaders of the industry

Pfizer was first established in 1849. The company's stock enjoyed big gains in the latter part of the 1990's rising approximately 10 times from \$4.00 to \$40.00 by the end of the decade. The share price gradually fell back to near \$10.00 per share by 2009 but since that time it has risen reaching a high of over \$60.00 per share in the fourth quarter of 2021.



Pfizer has expanded its market share through the creation of new drugs, acquisitions, collaborations and company spinoffs. Over the past two decades the company has purchased several smaller companies.

Pfizer's solid position as one of the top pharmaceutical companies in the world makes it a very desirable stock. Based upon its solid track record of paying dividends and its methodically trading stock, Pfizer stock can be purchased and considered to be a long-term hold for five or more years.

Home Depot (HD):

The Home Depot, Inc is also referred to as Home Depot. In the first quarter of 2022 Home Depot paid its 140th consecutive quarterly cash dividend to its shareholders. That is 35 consecutive years of dividends dating back to 1987. It is the largest home improvement big box store in the US. Home Depot boasts of stores throughout the US, Canada, Mexico as well as many other countries throughout the world. Since its inception the company has regularly purchased competitors and other companies that are in varying sectors of the home improvement market.



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Home Depot has continually expanded its reach into the home improvement market. The company has purchased tool and manufacturing businesses which are now Home Depot brand products. Consumers can contract directly with Home Depot to have professional contractors complete their home improvement projects. Though contractors only make up about 5% of the company's customer base they account for about 45% of company sales. To address contractors needs more directly, Home Depot is creating a new flatbed system which makes it easier for contractors to make their purchases while using flatbed trucks.





The company was founded in 1978 and is headquartered near Atlanta Georgia. The company's stock went public on the NASDAQ exchange in September of 1981 and joined the NYSE a few years later in April of 1984.

Home Depot's stock stayed relatively flat for many years staying just under \$50.00 per share. The company ran into trouble during the real estate melt down in the mid 2000's which slowed its growth and caused it to sell some assets. As the economy recovered so did Home Depot which enjoyed a gradual rise in the value of its stock to over \$400.00 per share in the 4th quarter of 2021.

Based on a strong real estate market, catering more to the contractor market and the popularity of "do it yourself" home improvement projects, Home Depot is positioned to continue to be the leader in the industry. The company's proven track record of managing expansion makes it unlikely that it will be replaced by a competitor anytime in the near future. Home Depot's stock is definitely an investment that could be purchased and held for 5 years or more.



Microsoft (MSFT):

Microsoft Corporation has been a staple of the computer and operating systems industries for nearly four decades. It is a multinational technology corporation whose products include computer software, electronics and personal computers.



Since the mid 1990's, Microsoft has been diversifying away from the operating system industry by acquiring several companies. The company's most notable acquisitions include a \$26.2 billion dollar purchase of LinkedIn, an \$8.5 billion dollar purchase of Skype Technologies and Nokia Devices and Services for \$7.2 billion. Microsoft has also purchased a security firm and Mojang which is a video game development company best known for Minecraft.

Microsoft has continued to move its interest in various markets forward. In 2021 the company released Windows 11. In early 2022 it announced that it will acquire the video game developer and holding company Activision Blizzard in an all cash deal for \$68.7 billion dollars. Activision Blizzard is best known for Warcraft, Diablo, Call of Duty, Candy Crush Saga and Overwatch. This announcement has led many analysts to believe that Microsoft wants to dominate the metaverse.



The company was founded in 1975 but rose to dominance in the mid 1980's with its creation of the MS-DOS operating system. Soon after, MS-DOS was followed up by Microsoft Windows which is what propelled the company to further heights in the industry and solidified its dominance in the operating system and technology markets.

Microsoft has made shrewd acquisitions; it has a huge amount of cash and a proven ability to manage its growth. It was only the third publicly traded US company to be value at over \$1 trillion dollars. Microsoft stock should be held in virtually any stock portfolio of any size for the foreseeable future with a holding period of minimally five years and beyond.

McDonald's (MCD):

The McDonald's Corporation has a widely known history dating back to its inception in 1940. It is a multinational company which is currently headquartered in Chicago Illinois. McDonald's restaurants main products include, hamburgers, various types of chicken sandwiches, French fries, soft drinks, breakfast items and deserts as well as seasonal items. Its restaurants can be found in over 100 different countries serving food items that cater to their specific market.

Including the corporation and its franchisees, McDonalds employs just under 2 million people making it one of the largest private employers in the world.



McDonald's is very innovative in the types of restaurants that they offer. Some restaurants are drive through only, some are walk up only, some have a dining room and some restaurants have outdoor seating. The type of restaurant that is built is a function of the specific location of the store.

The first McDonald's restaurant was a hamburger stand in San Bernardino, California. Not long after its inception the company was franchised. The Golden Arches were first introduced in 1953 and not the first but the most popular mascot, Ronald McDonald, was introduced in 1965.

Based on constant menu and food preparation innovation and a willingness to adjust to meet the everchanging tastes of the customer base, McDonald's stock should be purchased and held onto as a long-term part of any stock portfolio.



Walmart (WMT):

Walmart Inc. is a multinational retail corporation which operates a chain of supercenters, discount department stores, grocery stores and it also owns Sam's Club retail warehouses. Walmart is the world's largest company based on revenue and the largest private employer employing 2.2 million people globally. As of January 31, 2022, Walmart had 10,593 stores and clubs in 24 countries, operating under 48 different names

Walmart was started in 1962 and incorporated in 1969. The company's stock has split 11 times since it went public in 1972 and it has paid an increasing dividend for the last 48 years. By 1988 it became the most profitable retailer in the U.S. based on gross sales and it became the most profitable retailer based on revenue by 1990.

In 2016 Walmart announced the closure of 269 stores and in 2018 it announced the closure of 63 Sam's Club locations. While these sound like big numbers and several thousand employees were affected it was a very small percentage of the total Walmart business. The 269 store closures amounted to less than 1% of its global retail square footage. The closures allowed the company to shed less profitable locations which often times were in close proximity to other stores that it owned.

In the past several years Walmart has increased employees' wages, provided a flexible working environment due to the Coronavirus and it has made some acquisitions expanding its brand.

Based on its dominance in the retail market, its willingness to adapt to changing market conditions and its willingness to grow, Walmart's stock is a must have and is very suitable for a holding period of at least 5 years or more.

Summary

Each of these companies satisfy all of the criteria that was presented. Purchasing the stock of all of them or any combination of the five companies and holding them for the long term would provide very stable core holdings for a portfolio. The portfolio would have the benefit of regular cash flow through dividends as well as capital appreciation. Gradually adding the stock of other companies to the portfolio that meet these criteria would further increase the stability and the return of the portfolio which would further aid in meeting long term financial goals.

