



The Only 3 Stocks You'll Need for the Next Decade

Description

No matter where they're from or who they work for, most financial advisors will tell you about the benefits of diversification. By holding lots of stocks, you can smooth out your returns and minimize the downside from holding one big loser.

However, diversification is only half the battle. You also want to be holding strong, well-run companies — in fact, this is more important than holding lots of names. If you were to hold just the three names listed below with a 10-year horizon, you would actually be taking less risk than you would with many 20-stock portfolios.

1. Royal Bank of Canada

Royal Bank of Canada ([TSX: RY](#))([NYSE: RY](#)) is Canada's most valuable company, and also one of the country's best-run. It has a top two market position in practically every Canadian banking product, and its wealth management and capital markets businesses are both among the world's biggest.

Best of all, its shares aren't priced overly high, at 13.2 times earnings. By comparison, **Toronto Dominion Bank** trades at 14.7 times. So if you're willing to be patient, the odds are on your side with these shares.

2. Canadian Natural Resources

Investing in the oil patch can be quite scary. After all, predicting where energy prices are going is next to impossible, and if you pick the wrong company, a slump in energy prices could wipe out a big part of your investment.

However, an investment in **Canadian Natural Resources** ([TSX: CNQ](#))([NYSE: CNQ](#)) is different, and the past couple of years have demonstrated why. The company never expanded beyond its means, and never stretched its balance sheet too far. So while other companies were desperately selling assets to pay back debt, this company was buying assets at bargain prices.

There will be another down cycle in energy — it's a matter of *when*, not *if*. This company will be ready

to take advantage, and if you're willing to hold the shares for a long time, then eventually you should be rewarded.

3. Fortis

If you're looking for a company with smooth earnings and a reliable dividend, look no further than Canada's largest investor-owned distribution utility, **Fortis** ([TSX: FTS](#)). The company faces very consistent demand — after all, even when the economy is doing poorly, we still need to keep the lights on — and this shows up in the numbers.

Fortis has managed to raise its dividend every year for over four decades, not a bad track record. Remarkably, Fortis's shares have a healthy 3.9% yield. You can feel secure owning these shares for a long time, and get paid a nice dividend while you wait.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:FTS (Fortis Inc.)
5. TSX:RY (Royal Bank of Canada)

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Date

2025/09/11

Date Created

2014/07/14

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