3 Solid Stocks for That Last-Minute RRSP Contribution

Description

All across the country, investors are scrambling to make that last RRSP contribution. They're running out of time—the deadline is today.

Once that deposit is made, a very important question remains: What kind of investments should be bought with this money? To answer this, it's first important to remind ourselves what the real purpose of an RRSP is: long-term investing. After all, this money likely won't be drawn until retirement. So, it's important to go with investments we can feel comfortable holding for not only years, but even decades.

Unfortunately, there aren't many companies like that in Canada, but they can be found if you look hard enough. Below we highlight three.

1. Brookfield Asset Management

Over the past 20 years, shareholders in alternative asset manager **Brookfield Asset Management Inc.** (TSX:BAM.A)(NYSE:BAM) have made more than 20% per year. Over a time period this long, you can't chalk it up to luck. Rather, the company has a superior track record of investing capital wisely, and there's no reason to expect that to stop.

The next 20 years also look promising, with plenty of investment opportunities for the company. Cash-strapped governments around the world are looking to sell assets. European banks are looking to deleverage. Energy companies are struggling and looking to sell some of their production.

CEO Bruce Flatt recently told investors that Brookfield's shares should trade between US$150-200 in 10 years, about triple the current stock price. Such a projection may be a bit optimistic, but that's not a bad holding period for the company's shares.

2. Fortis

If you're looking for reliable dividends, look no further than **Fortis Inc.** (TSX:FTS). The utility has raised its dividend every year for over four decades, the longest streak of any Canadian company. How has Fortis pulled this off?

Well, there are a couple of explanations, each having some merit. One, Fortis has been very well managed. Two, the company sells a product (electricity) that we all need, even when the economy is doing poorly. It's what has allowed Fortis to ride out such turbulent business cycles over the past 40 years.

As a bonus, Fortis shares have a 3.5% dividend yield, not bad for a company with such a steady business model. You should feel comfortable holding the shares for the next 40 years.

3. Telus Corporation

If you're seeking more reliable dividend growers, Canada's big three telecom firms are a great place to look. The industry is characterized by limited competition, high barriers to entry, and subscription-based revenue. All of this leads to very stable earnings, ideal for paying out big dividends.

Among the big three, **Telus Corporation** (TSX:T)(NYSE:TU) has been the best-in-class performer for a while. The company is much more liked by its subscribers than its competitors are, and as a result, have had an easier time growing its market share. Consequently, its revenue growth numbers have also been better than peers.

Telus has an even faster-growing dividend than Fortis—in fact it has quadrupled in the past 10 years. Yet the shares still yield a solid 3.6%. That's not a bad tradeoff for your RRSP.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. NYSE:TU (TELUS)
3. TSX:BN (Brookfield)
4. TSX:FTS (Fortis Inc.)
5. TSX:T (TELUS)

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