New Investors: 3 Top Canadian Stocks to Buy Now and Own for 30 Years

Description

Buying stocks during a market pullback takes some courage, but the rewards can be significant when the move is part of a buy-and-hold strategy focused on industry leaders.

Let's take a look at **Suncor Energy Inc.** (TSX:SU)(NYSE:SU), **BCE Inc.** (TSX:BCE)(NYSE:BCE), and **TransCanada Corporation** (TSX:TRP)(NYSE:TRP) to see why they might be interesting picks today.

Suncor

Suncor is primarily viewed as an oil producer, but the company also owns large refineries and more than 1,500 Petro-Canada retail locations. The downstream assets provide a nice hedge against tough times in the production segment and are a big reason Suncor's stock price held up so well during the oil rout.

Suncor took advantage of the downturn to acquire strategic assets at attractive prices, including the purchase of Canadian Oil Sands, which gave the company a majority interest in Syncrude. Suncor also moved ahead with large development projects during the rout, and that decision appears to be paying off. Fort Hills and Hebron began producing oil late last year, just in time to take advantage of the recovery in the oil market.

Suncor raised its dividend by 12.5% for 2018, and investors should see continued growth in the payout as costs fall, production increases, and the price of oil extends its recovery.

The stock currently provides a yield of 3%.

BCE

BCE bought two companies and launched a new business in the past year.

The purchase of Manitoba Telecom Services bumped BCE into top spot in the Manitoba market and gave it a strong foothold in central Canada. On the product side, BCE acquired home security provider AlarmForce in a move that significantly expanded the service offerings the company can provide to its large portfolio of residential customers.

Finally, BCE launched Lucky Mobile, a new low-cost pre-paid phone business.

The new assets should help drive revenue growth and provide some extra cash flow to support the dividend. BCE is large enough it can raise prices whenever it needs additional funds, and free cash flow easily covers the generous dividend payments.

Investors who buy today can pick up a 5.5% yield.

TransCanada

TransCanada is working its way through $24 billion in commercially secured near-term projects that should be completed through the end of 2021. As the new assets go into service, TransCanada expects revenue and cash flow to improve enough to support annual dividend growth of at least 8% over that time frame.

Beyond 2021, the company has an additional $20 billion in development opportunities under consideration, including Keystone XL. If Keystone or any of the other projects get the green light, investors could see an upward revision to the dividend-growth guidance.

The stock is down amid fears that interest rate increases could hit the energy infrastructure segment. Higher rates will certainly bump up borrowing costs and could potentially reduce cash flow available for distributions, but the sell-off in TransCanada might be overdone given the strength of the development portfolio.

The stock currently offers a solid 5% yield.

The bottom line

All three companies are market leaders with strong track records of dividend growth and should continue to be solid picks for a buy-and-hold portfolio.

Suncor, BCE, and TransCanada are a good place to start, but other top Canadian stocks also look attractive today.

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Date
2025/09/11
Date Created
2018/04/09
Author
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