The Top 3 TSX Stocks You Can Buy and Forget

Description

Investing can be a tricky business. Between charts, earnings data, and news, there are many things to keep on top of. At times, studying the markets can feel like a second job.

But it doesn't have to be this way. History has proven that there are stocks that steadily deliver modest but appreciable returns. These aren't usually the growth superstars that become 10-baggers in the span of a few years. But they have the benefit of lower volatility and steady returns.

Of course, all investors should periodically scrutinize their holdings. But stocks in more "traditional" industries offer comparative stability that investors can count on for the long term. And the TSX has a few stocks with enough long-term stability that they approach "buy-and-forget" territory.

The following are three that any Canadian investor would be wise to look at.

Canadian National Railway (TSX:CNR)(NYSE:CNI)

CN Railway is one of Canada's oldest companies. The company's holdings actually stretch beyond Canada's borders, as it operates lines in the U.S. that go as far south as New Orleans.

In 2011, Bill Gates made a splash by becoming the biggest owner of CN Railway stock. His investment turned out to be a wise one, as CN Railway has more than tripled since that year.

There are good reasons to think that CN Railway will continue to deliver solid returns in the future. It has a trailing 12-month P/E ratio of 16.44, which is well below the TSX average. The company's financial performance is stellar, with a profit margin of 40.99% and a return on equity of 33.94%. The company also pays a dividend of $1.82 per share, which gives a modest yield of 1.56% at the time of this writing.

Fortis Inc. (TSX:FTS)(NYSE:FTS)

Fortis is a Newfoundland-based utilities company with a long history of delivering solid returns to its investors. It owns assets in Canada, the United States, Central America, and the Caribbean. The company boasts some impressive metrics, including a forward P/E ratio of 15.77 and a price-to-book ratio of 1.29. The company had year-over-year earnings growth of 9.40%, as of its most recent income statement. It also pays a dividend of $1.7, which gives a yield of 4.03% at the time of this writing. Its steady returns, solid metrics, and high yield make it a long-term pick worthy of serious consideration.

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS)

Bank of Nova Scotia may be the best bargain on the TSX. With a forward P/E ratio of 10.22, a five-year expected PEG ratio of 1.28, and a price-to-book ratio of 1.60, it's a winner by most value investing metrics. And despite lacklustre 2018 performance, the stock has delivered solid returns to investors over the past 20 years — with equally steady earnings growth. It also offers a way above-average dividend yield of 4.28%.

Although Canadian bank stocks have not been the best performers in 2018, their long-term returns have been solid. As a class, they also offer high dividends; **TD Bank** and **Bank of Montreal** are in the high-income category along with Bank of Nova Scotia.

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2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:FTS (Fortis Inc.)
4. TSX:BNS (Bank Of Nova Scotia)
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