



## 3 Canadian Stocks to Buy Now for a Comfortable Retirement

### Description

Thinking about retirement is one of the most responsible financial exercises you can undertake; however, it's also one of the most stressful, as well as one of the most vulnerable to error.

Holding a good selection of stocks in your investment portfolio is highly recommended for first-time investors. Stocks can appreciate in value (if you pick the right ones), adding long-term income and financial peace of mind.

Here are three carefully selected options for RRSP and RRIF stocks. It's a diversified selection, making for a ready-to-go trio that's just right for your retirement portfolio.

#### **Methanex Corp.** ([TSX:MX](#))([NASDAQ:MEOH](#))

If you're looking for a [diversified methanol supplier](#), then look no further than Methanex, with its base of operations that takes in North America, Europe, markets across the Asia Pacific zone, and South America.

Overvalued by \$14 a share, Methanex is still worth buying at \$89.24. Its multiples look pretty good all round, though it's trading at 3.7 times its book price. Currently looking at a contraction of yearly earnings, Methanex is forecasting a 32.4% return on equity over the next three years, so you know that whatever earnings it does make will be efficiently put to use; last year's 26% ROE backs this up.

A 1.93% dividend yield coupled with the outlook for Methanex's sector is the real draw here, making it a great stock to buy and hold long term. It's lost 3.6% in the last five days, so investors wanting to ride this stock's downward momentum still have an opportunity to do so.

#### **SNC-Lavalin Group Inc.** (TSX:SNC)

This major construction player recently made a \$90-million deal to consult, design and build a new electric substation complex in Dubai. Overvalued by roughly \$9 per share versus its future cash flow value, [SNC-Lavalin Group](#) isn't bad value considering the high quality of its stock. A P/E of 26 times earnings isn't too bad and beats the industry. Its PEG of 0.8 times growth looks great, especially given

a very healthy 34% expected annual growth in earnings.

SNC-Lavalin Group has a P/B ratio of 2.0 times book, which shouldn't be sniffed at, although it does of course denote overvaluation in terms of assets. Buy for a dividend yield of 2.02% and long-term capital gains.

### **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#))

As a young investor looking at retirement funds for the first time, or as a near-retiree looking to add to an RRSP or RRIF, you may have heard that dividend stocks are the way to go: they pay a passive income, and in theory you can hold them forever. Banks are some of the best such stocks on the TSX, and Scotiabank is among the very best financials.

Scotiabank stock has been discounted for some time now, but the fact is that this undervaluation is based on comparison to future cash flow value (at present this discount is around 9%). For a stock of such quality and high standing, its multiples aren't too bad: its P/B of 1.6 times book isn't one to turn your nose up at. Couple this decent valuation with a great balance sheet and sturdy dividend yield of 4.28% and you have a perfect pick for your retirement fund.

### **The bottom line**

If this is the first time you've thought about a retirement fund, you're on the right track with thinking about getting into stocks. Other things you can do to make retirement that little bit easier would be to ask for a raise (seriously!), look into bonds and mutual funds, and ensure that you keep your financial fees low. In terms of stocks, look into other financials and consider energy companies to round out your portfolio with stable dividends.

### **CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

### **TICKERS GLOBAL**

1. NASDAQ:MEOH (Methanex Corporation)
2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:ATRL (SNC-Lavalin Group)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:MX (Methanex Corporation)

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