TFSA Investors: 3 Top Canadian Stocks to Own for 30 Years

Description

Canadians are using their Tax-Free Savings Accounts (TFSAs) to hold top-quality stocks as a part of their long-term retirement savings plan.

Ideally, you want to own market leaders with strong businesses and defendable competitive advantages in the market. When investing to build a retirement portfolio, it is best to pick companies you can buy once and forget about until the day comes to cash out and enjoy the gains.

Let’s take a look at three Canadian stocks that might be interesting choices today for your TFSA retirement fund.

Nutrien (TSX:NTR)(NYSE:NTR)

Nutrien is the world’s largest supplier of crop nutrients and services. The company began trading in early 2018 after the merger of Potash Corp. and Agrium. The combination gave Nutrien added clout in competing for wholesale contracts in the global crop nutrients market. It also created a more balanced business with both wholesale and retail divisions.

Potash, nitrogen, and phosphate prices went through a rough spell, but the market appears to have bottomed out and that bodes well for Nutrien shareholders. The company has increased its guidance twice in 2018 and the efficiency gains that have resulted from the merger are ahead of schedule and larger than expected.

Nutrien pays a quarterly dividend of US$0.40 per share. That’s good for a yield of 2.8%. With the improved outlook for prices and the ongoing efficiency gains, Nutrien should deliver strong numbers though the end of 2018 and into next year. As a result, a decent hike to the dividend is likely in cards in 2019.

Canadian Pacific Railway (TSX:CP)(NYSE:CP)

CP had a challenging start to 2018 with difficult winter conditions and contract issues keeping management on their toes. In the end, the company averted potential strike actions and signed new agreements with the unions, paving the way for renewed focus on growing the business.

CP is investing in new capacity to address demand backlogs, and strong economies in Canada and the U.S. are providing support for the wide range of sectors the company serves.

Oil by rail demand is increasing due to pipeline bottlenecks, and that situation is unlikely to change in the near term.

CP has improved its operational efficiency in recent years and investor interest has come back to the stock in an energetic way. In fact, CP's stock price is up more than 30% in the past 12 months.

The rail companies enjoy wide moats that are pretty secure, making them solid long-term picks.

Royal Bank of Canada (TSX:RY)(NYSE:RY)

With a market capitalization of $150 billion, Royal Bank is a giant in both the Canadian and global banking industry.

The company earned more than $3 billion in profit in the most recent quarter, and management is targeting earnings-per-share gains of 7-10% per year for the medium term. That should support ongoing dividend growth of about the same rate, so the stock remains an attractive pick. At the time of writing, Royal Bank's dividend provides a yield of 3.75%.

Rising interest rates should provide a nice boost to net interest margins and support profit growth. If you want to own a high-quality bank pick that can ride out turmoil, Royal Bank should be on your buy-and-hold radar.

The bottom line

Nutrien, CP, and Royal Bank are well-managed companies with strong market positions. All three stocks should be solid choices for a balanced TFSA retirement portfolio.

Other top stocks in the market are also worth considering today for a buy-and-hold portfolio.

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