Retirement Investors: Here Are 3 “Ultra-Safe” Stocks on the TSX Index

Description

When investing for retirement, it pays to play it safe. Sure, cannabis stocks and high-flying tech companies promise outsized returns. But with great reward comes great risk: the same companies that promise to take you to the moon can also take you to the gutter. The best retirement stocks are those that offer safety, stability, and, ideally, a bit of dividend income.

In this article I’ll be going over three stocks that have proven themselves with steady long-term growth — not only in the markets, but also in terms of earnings. These three stocks have weathered economic storms, survived recessions, and richly rewarded investors along the way. Not all of them are ideal for every retirement investor. But for those willing to take on a small amount of risk for outsized reward, any one of them is worth looking at.

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

The Bill Gates-approved Canadian National Railway is one of Canada’s best stocks. It operates a line of railways running from Prince Rupert all the way to New Orleans. It enjoys a de facto monopoly in its service area as the only company whose trains are allowed to run on the tracks they use.

Canadian National Railway has a lot of things going for it. It’s priced cheaply, with a trailing P/E ratio of about 15. It has strong quarterly earnings growth of 27% year over year. And it pays a modest but growing dividend with a yield of about 1.67% at the time of this writing.

Toronto-Dominion Bank (TSX:TD)(NYSE:TD)

TD is one of Canada’s best-known banks. With a strong presence in the U.S., the company is poised for considerable growth. With a trailing P/E ratio of just 12.82 and a price-to-book ratio of 1.91, it’s a great value. And it pays a dividend, which it has a strong history of raising and which currently yields about 3.5%. TD’s dividend is not the fattest on the TSX Index, but with stronger growth than any of its competitors, it offers the potential for better long-term gains.

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM)

Brookfield Asset Management is a diversified holding company with assets in real estate, power, infrastructure, and finance. The company has suffered headaches over the past decade as a result of a class action lawsuit alleging that it forced Birch Mountain Shareholders out of their assets. The lawsuit has failed, and Brookfield is now posting 202% quarterly earnings growth (after a few down years).

Aside from solid growth, Brookfield has many other things to recommend it, including a trailing P/E ratio of about 20 and a modest dividend yield of 1.41%. Brookfield's management has consistently raised the stock's dividend, despite sometimes rocky earnings. Brookfield shares are up 100% over the past five years and about 10% over the past six months.

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