RRSP Investors: 3 Stocks to Buy on the Correction and Hold for Decades

Description

The stock market correction over the past couple of months has indeed been dramatic, and while more downside could be on the way in the near term, history suggest this could be a great time to add new positions to your self-directed RRSP portfolio.

Let's take a look at three top TSX Index stocks that could be attractive buys right now.

Telus (TSX:T)(NYSE:TU)

Telus is a leader in the Canadian communications sector with state-of-the-art wireline and wireless networks, providing customers across the country with mobile, Internet, and TV services.

The company is known from providing industry-leading customer service, which is reflected in the low mobile postpaid churn rate.

Telus avoided the temptation to dump billions of dollars into media assets, and has instead decided to leverage its expertise to target non-traditional growth opportunities. One interesting area to watch is healthcare, where Telus is already Canada's leading provider of digital health solutions to doctors, hospitals, and insurance companies.

The company also owns a network of private clinics that cater to corporate clients and wealthy families.

Dividend growth should continue at a steady rate and investors who buy today can pick up a solid 4.9% yield.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM)

CIBC is trading at levels you would normally expect to see during a major financial crisis. Fear about an impending recession could certainly turn out to be warranted, but low unemployment and relative economic strength in Canada and the United States indicate that things are not likely headed that way in the near term.

The market sell-off is probably providing some medium-term relief for CIBC. Rate hikes in Canada could be put on hold through 2019, which would take pressure off Canadian homeowners facing higher mortgage rates. CIBC has a higher relative exposure to the Canadian housing market than its peers.

At the time of writing, the stock trades for an attractive 8.7 times trailing earnings and offers a dividend yield of 5.3%.

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

CN is one of those stocks investors can buy on weakness and simply forget for 30 years. The company serves an integral role in the operation of the Canadian and U.S. economies and recent investments in new locomotives, additional rail cars, and network upgrades position CN to meet growing demand for its services, especially in the natural resource segments.

The board is taking advantage of the dip in the stock price to buy back shares. The company also continues to give investors a nice chunk of the profits through regular dividend increases.

The yield might only be 1.9%, but CN has a compound dividend growth rate of about 16% over the past 20 years. Investors who bought the stock when it went public in the 1990s have enjoyed stellar returns. A $10,000 investment in CN 20 years ago would be worth more than $200,000 today with the dividends reinvested.

The bottom line

It takes courage to put money to work when the market is in a correction, but these are the moments that tend to offer the best buying opportunities for top-quality companies.

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