



3 Top Stocks for New Investors to Start a Retirement Portfolio

Description

Young Canadians are getting more involved in their retirement planning and many are using self-directed [TFSA](#) or RRSP accounts to hold quality stocks as part of their savings strategies.

Let's take a look at three companies that might be interesting picks to launch your retirement portfolio.

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#))

Royal Bank is Canada's largest company with a market capitalization of \$150 billion. Size has its advantages in the financial industry, as significant investments in digital banking initiatives are becoming key to competing with new entrants emerging from non-bank sectors, including social media and online retailers.

Royal Bank has a balanced revenue stream coming from a number of strong divisions, including personal and commercial banking, wealth management, capital markets, investor and treasury services, and insurance. Diversification is also geographic. Royal Bank spent US\$5 billion to acquire California-based private and commercial bank City National a few years ago, providing a solid platform to expand the bank's presence in the sector.

The stock trades at a reasonable 12 times trailing earnings and provides a dividend [yield](#) of 3.9%.

A \$10,000 investment in Royal Bank 20 years ago would be worth more than \$110,000 today with the dividends reinvested.

Suncor Energy ([TSX:SU](#))([NYSE:SU](#))

Suncor took advantage of the last oil rout to buy a number of strategic assets at attractive prices, including the takeover of Canadian Oil Sands. The company also pushed ahead with major development projects that are now complete and driving additional production growth.

Suncor's integrated business structure and favourable access to international markets gives it an advantage over most of the other Canadian oil producers. Many of the players in the sector are struggling with debt, but Suncor has a strong balance sheet, and investors could see additional deals emerge.

The company just raised the dividend by nearly 17% for 2019, and investors who buy today can pick up a solid 3.2% yield.

A \$10,000 investment in Suncor 20 years ago would be worth more than \$95,000 today with the dividends reinvested.

Nutrien ([TSX:NTR](#))([NYSE:NTR](#))

Nutrien was formed last year through the merger of Potash Corp. and Agrium. It is the planet's largest supplier of crop nutrients, including potash, nitrogen, and phosphate, and also has a growing retail business that provides seed and crop protection products to farmers around the world.

Fertilizer prices are recovering after a multi-year slump and Nutrien has the capacity to generate significant free cash flow as margins improve.

The integration process is going well and Nutrien has provided strong earnings guidance for 2019. Management recently raised the dividend by 7.5% and additional gains should be on the way. The current payout provides a yield of 3.2%.

The bottom line

Royal Bank, Suncor, and Nutrien are all leaders in their respective industries and should be solid buy-and-hold picks for a self-directed retirement portfolio.

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2. NYSE:RY (Royal Bank of Canada)
3. NYSE:SU (Suncor Energy Inc.)
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