Stash These 2 Trusted Dividend Stocks in Your RRSP

Description

When it comes to your RRSP, you should aim to buy stocks that you'd be comfortable holding for years, if not decades at a time. Since there are harsh penalties for taking funds out of an RRSP early, you ought to own pieces of businesses that you'd be comfortable holding through good times and bad, because like it or not, a recession is coming.

When will that be?

Nobody knows, but one is always coming, and you've got to have a game plan for investing through a recession. That means being ready for a volatility storm and having a shopping list of stocks to buy on the way down.

This article will look at two trusted stocks that you can just leave in your RRSP for decades until your expected retirement date. So, without further ado, here are two of the best long-term holds on the TSX index.

Canadian National Railway

It shouldn't come as a surprise to see **Canadian National Railway** (TSX:CNR)(NYSE:CNI) on the list of trusted dividend stocks to own in your RRSP for decades. As one of the wider-moat Dividend Aristocrats in Canada, CN Rail has been an ideal wealth-creation engine for investors with ridiculously long-term time horizons.

While the 1.8% dividend yield may not seem impressive up front, if you take the opportunity to sum up the double-digit annual dividend hikes you'll get with CN Rail over the years, it becomes more apparent that CN Rail isn't just a stock for outsized capital gains; it's a means to get a considerable yield based on your invested principal in the future.

RRSP investors should be asking themselves whether they want to maximize their dividend yield today and compromise on growth, or if they'd rather set themselves up with a higher yield in decades from while enjoying market-beating capital gains. For young RRSP investors like millennials, the answer is clear.

Brookfield Asset Management

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) is a behemoth of an alternative asset manager that institutional investors love to hold. The company owns over US$350 billion of assets under management, including real estate, renewable energy, infrastructure, and private equity, all of which are technically deemed as "alternative assets" (alternative to common equities). Such alt assets naturally have a lower correlation to the broader stock markets, meaning the operations of Brookfield's various businesses will be less affected by swings in the economy relative to your average TSX-traded business.

While alternative assets are less sensitive to market fluctuations, they're not a "safe haven" in the event of a crash. In such a scenario, everything sells off, even alternative asset managers like Brookfield, as unjust as it may seem given the stable nature of the underlying businesses.

Brookfield has been on a heck of a run in 2019, and shares aren't as cheap as they were late last year, but they're not exactly what you'd call expensive either. Although I'd prefer waiting for a pullback, BAM.A is a terrific business that's trading at a fair price. At the time of writing, the stock trades at a 10.3 EV/EBITDA, just a tad higher than the five-year historical average EV/EBITDA of 12.5.

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Date
2025/09/15
Date Created
2019/07/02
Author

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