



## 3 Foundation Stocks to Fortify Your Portfolio

### Description

Whether you are new to the world of investing or you are looking to strengthen your portfolio, you should know that a strong foundation goes a long way in growing your wealth. As important as it is to have a diversified portfolio, it is equally important to have a few reliable and foundational blue-chip stocks you can build your portfolio around.

Some stocks perform better than others when it comes to long-term performance without too many risks. This is the reason why I am going to tell you about three stocks that you should take a closer look at: **Royal Bank** ([TSX:RY](#))([NYSE:RY](#)), **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) and **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)).

### Royal Bank of Canada

This year has been exceptionally tough for investors looking to buy new stocks. The escalating trade war has not been kind to the global economic situation, and the stock markets have seen the effects of it. With forecasts of a recession looming over our heads in the coming months, you need to take a look at the stocks that can provide you enough returns to help you beat inflation. Instead of high-growth (and high-risk) stocks, you need to take a look at top dividend-paying stocks.

[Royal Bank of Canada](#) is one such stock you should buy shares of. Canadian banks are reputed as a trusted source of steadily growing revenue, and RBC is currently Canada's largest bank.

Over the past five years, the bank's stock has gained 21%, including dividends. In the latest quarterly earnings report, RBC reported net income that is 5% higher from a year earlier from July 31 to \$3.26 billion. A bank with worldwide operations, I believe this bank is one that you should consider to grow your income in the long run.

### Suncor Energy

Another long-term stock that you should [look closely at right now is Suncor](#). Suncor is a top energy

stock, which will make a healthy return once international capital makes a return to Canada's energy sector.

The company's integrated business model allows it to make the most of its profits along the energy value chain right from the ground to the gas station. It is safe to say that Suncor is a profitable company, despite the low energy prices nowadays.

In the past year, Suncor has generated almost \$7.8 billion in free cash flow and only paid out a modest 32% of the amount in dividends. Currently, we are at a time when other energy companies had to consider cutting down their dividends. Suncor has increased its dividend payout for 16 years running, and their five-year dividend-growth rate stands at 14.6%.

I think it is safe to say that this is a top choice stock for conservative investors looking for a stock that will profit them for the long haul.

## Canadian National Railway

Canadian National Railway stocks are the kind you need to hold on to during times of recession. If you do not already own the shares, you seriously need to take a better look at this one. CN is a wide-moat dividend-growth stock that will continue to be profitable for you during a recession.

When a recession hits, railway stocks are not entirely immune to the damage, but the effect they have on the stocks is nothing but a small fraction of what the overall market goes through. In the recession of 2008, CN Rail fell almost a third of its value, but when the market cycle renewed, CN Rail was one of the first to burst out and re-establish firm footing in the stock market.

The railway industry boomed 28% year over year during the most recent quarter. CN Rail continues to invest in its infrastructure, and it has become the top company to beat in the railway industry. In times of recession scares, this is one stock you should seriously consider investing in right now.

## Final thoughts

Investing in the Royal Bank of Canada, Suncor Energy, and Canadian National Railway will give you the perfect buy-and-hold options during times of a recession. Even if the anticipated recession does not hit, all three stocks are perfect for creating a strong base for your portfolio.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Top TSX Stocks

### TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:RY (Royal Bank of Canada)

3. NYSE:SU (Suncor Energy Inc.)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:RY (Royal Bank of Canada)
6. TSX:SU (Suncor Energy Inc.)

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