



Secure Your Retirement With These 3 Top Pension-Approved Stocks

Description

One thing I constantly remind investors who are worried about their retirement is that it really isn't difficult to invest in the same sorts of companies that [top pensions](#) do. In fact, you can easily copy the biggest positions of Canada's top pension funds.

One big pension manager investors can emulate is AIMco, the Alberta Investment Management Company. This organization manages funds for dozens of different organizations in the province including Alberta's Heritage Fund, pensions for municipal employees, and in a recent move that attracted some scandal, AIMco will take over managing Alberta teachers' pension.

Let's take a closer look at three of Aimco's top investments inside the Heritage Fund, the kinds of stocks that can help any retirement plan.

Royal Bank of Canada

It shouldn't really come as a surprise that one of the Heritage Fund's biggest investments is in Canada's largest bank. It has approximately \$100 million invested in **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)).

There's a reason why Royal Bank has become dominant. The company consistently strives for excellence, and it shows up every time it posts results. It has the largest or second-largest market share in every retail banking category, which includes everything from mortgages to credit cards to wealth management. More than 13 million Canadians use Royal Bank for at least a portion of their banking.

Not content to dominate here in Canada, RBC has turned to the U.S. and has become a big player there. Between its RBC and City National brands, capital markets operations, and other assets in the country, approximately 25% of the company's total revenue comes from south of the border. And investors often forget that Royal Bank also has significant exposure to the Caribbean, which includes more than 1 million clients in 15 different nations and territories.

Royal Bank has consistently delivered excellent shareholder returns. A big part of those returns has been its ever-expanding dividend, a payout that currently sits at \$1.05 per share each quarter. That works out to a robust yield of 3.9%.

Morguard REIT

Although the Heritage Fund doesn't directly invest in **Morguard REIT** ([TSX:MRT.UN](#)), it has a large commercial real estate portfolio with an Alberta focus, a portfolio with a lot of similarities to Morguard's collection of real estate.

Morguard owns nearly \$3 billion worth of real estate across Canada's five westernmost provinces. The 48-property portfolio includes retail space, office towers, and even industrial real estate. Approximately 50% of the trust's income comes from Ontario, but Alberta is a strong second place, accounting for about 25% of earnings.

One thing many investors notice about Morguard REIT is the stock's huge discount to book value. Shares currently trade hands at less than \$12 each, while book value is above \$25 per share. This huge discount is likely because of Alberta's weak real estate market, but investors should keep in mind that only 25% of income comes from the province. In other words, the REIT is nicely diversified.

While investors wait for the price-to-book value gap to decrease in their favor, they're treated to an attractive monthly dividend of \$0.08 per share, a dividend yield of 8.3%.

Suncor Energy

The Heritage Fund makes an effort to support Alberta-based businesses, including those in the energy sector. And what better way to invest in energy than through the biggest player in the sector in Canada, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#))?

Thanks to various initiatives – including relentlessly cutting costs, investing in new technology, and becoming more efficient – Suncor's management has done an excellent job maximizing the profitability of its main [oil sands](#) assets. The company also smartly made acquisitions at the bottom of the cycle to expand operations in the region.

The part of Suncor's business I really like is its downstream operations, which include a handful of refineries, more than 1,500 Petro Canada gas stations, and a smattering of other assets. These businesses provide steady earnings no matter what the price of oil does.

Suncor has done a terrific job giving back to shareholders. Not only does it have one of Canada's best dividends – a 4% yield that has been increased each year since 2003 – but it also aggressively repurchases shares when management thinks the stock is too cheap. The company will likely repurchase between \$2 and \$2.5 billion worth of stock in 2019 alone. That's some serious money.

CATEGORY

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TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:MRT.UN (Morguard Real Estate Investment Trust)
4. TSX:RY (Royal Bank of Canada)
5. TSX:SU (Suncor Energy Inc.)

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