



TFSA Investors: 3 CPP Portfolio Stocks to Build Your Own Pension!

Description

Do you want to build a personal pension in your TFSA that pays you tax-free income through your retirement?

The CPP Investment Board (CPPIB)'s portfolio is a great place to start. The CPPIB invests in a variety of assets, including stocks, real estate and private equity investments.

The stocks portion of the CPP portfolio can be replicated by any investor willing to do their research.

The CPP portfolio is specifically designed to provide solid but relatively safe returns for Canada's national pension plan. Naturally, it's highly concentrated on large cap stocks that you can count on for average to slightly above average returns.

The entire CPP portfolio includes thousands of stocks, which would render it difficult to replicate in its entirety. However, the following three large caps make up an outsized percentage of the fund's weightings and may make solid retirement investments for your TFSA. Note that the CPP Board does not provide stock recommendations and the emphasis placed on these three particular stocks is my own.

Canadian National Railway

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#)) is Canada's largest railway company, a freight shipping behemoth that touches three coasts. Because of its huge service area, which crosses North America, it has a competitive advantage in long distance shipping.

Over the years, CN has outperformed the **TSX**, thanks in no small part to phenomenal growth in its crude-by-rail business. If Canada's many delayed pipeline projects eventually go ahead, that could spell trouble for CN, but for the next few years its crude shipping business should be safe.

This year, CN's shipments are down due to a softening of the economy. However, when the economy picks up again, the company should return to solid growth.

Toronto-Dominion Bank

The Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is a Canadian bank that punches way above its weight in the United States. Thanks to its high growth U.S. retail business and **TD Ameritrade** investment, it's growing more than other Canadian banks.

In most quarters, TD posts earnings growth in the 5-10% range. This is solid for a big Canadian bank, as most of TD's competitors are growing at just 2-3% year over year. It all comes down to the U.S. operations.

The U.S. is a far larger financial services market than Canada, which gives TD a lot of room to grow in that country. TD's brokerage operations are currently facing challenges from the [no-fee trading trend](#), but in the long run, the bank should be able to make up for the loss of trading fees with increased advisory and research services.

Fortis

Fortis Inc ([TSX:FTS](#))([NYSE:FTS](#)) is one of Canada's largest utility companies, with operations in Canada, the U.S. and the Caribbean.

Over the years, Fortis has solidly outperformed both the TSX and the **TSX Utilities Sub-Index** thanks to its investments in growth and acquisitions. The company also has the distinction of having [raised its dividend every single year for 46 years straight](#).

Fortis is currently embarking on a \$18.3 billion capital expenditure program aimed at increasing its rate base. The expenditures will go toward upgrading aging infrastructure and increasing service area. This program will increase the company's debt, but should also boost revenue if the anticipated rate base increase materializes.

Fortis shares pay a dividend that yields 3.6% at current prices. Management plans to raise the dividend by 6% a year for the next five years.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:CNR (Canadian National Railway Company)

5. TSX:FTS (Fortis Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

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