



Does Your TFSA Have These 3 Buy-and-Hold Forever Stocks?

Description

I've long been a fan of investors putting their cash in so-called forever stocks — the kinds of companies that look poised for continued success over a number of decades.

I like the plan primarily because it's simple. Investors simply sit back, relax, and enjoy the ride. The hardest part will be avoiding the desire to tinker.

This portfolio also frees up a lot of time to pursue other hobbies and interests. Sure, investing is fun and all (at least to some of us), but we must remember the end goal. The purpose is to have our money serve us, not the other way around.

Without further ado, allow me to present three excellent buy-and-hold forever stocks — names that would look excellent [inside your TFSA](#).

Royal Bank

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is well regarded as the finest bank in Canada, and it's easy to see why.

This forever stock has a great deal going for it. Its Canadian operations boast top market shares in everything from deposits to mortgages to wealth management. The company has strong capital markets operations, too. Heck, Royal Bank even has a robust insurance division, which continues to grow nicely. I don't see any threats upcoming that can dethrone Royal Bank as Canada's top bank.

The company also has significant operations in the United States as well as the Caribbean — assets that have grown to encompass approximately 30% of the entire bottom line. Look for this business to slowly get bigger over time, too.

This forever stock isn't usually cheap, especially when compared to some of its lower-quality peers. Don't sweat this; Royal Bank is worth the premium. Besides, shares are still down compared to a few months ago, and the stock offers a solid 4.7% dividend yield today.

Algonquin

Algonquin Power and Utilities ([TSX:AQN](#))([NYSE:AQN](#)) is one of my favourite utility stocks today, with this forever stock boasting two separate divisions. One part of the company has some 800,000 power, natural gas, and water utility customers across Canada and the United States. The other part owns a diverse portfolio of power plants across North America.

The beautiful thing about Algonquin is, the company is still relatively small with plenty of growth potential. It has embarked on a five-year growth plan with US\$9.2 billion worth of projects on the go. That's substantial; the company has a market cap today of just over \$10 billion.

Algonquin shares aren't expensive, either. In 2019, the company generated approximately US\$1.10 per share in adjusted funds from operations. That works out to \$1.49 per share in local currency. Shares trade at \$19 each as I write this, giving us a price-to-adjusted funds from operations ratio of under 13 times.

Oh, and this forever stock pays a 4.5% yield — a payout that should slowly grow over time.

Genworth MI Canada

I've long been a bull on mortgage default insurance. I think it's an excellent business, and **Genworth MI Canada** (TSX:MIC) is a fantastic long-term investment opportunity.

Genworth shares are depressed lately, as investors worry about increased defaults. But I'm seeing a completely opposite story emerge. Real estate activity in Canada's largest cities remains strong with prices staying firm.

The company should also have the opportunity to pick up market share, as its strongest competitor takes a step back. CMHC has raised its underwriting standards, as it [worries about a weaker housing market](#). Genworth will continue using the existing standards, which are slightly looser. That'll help the bottom line, especially if real estate activity remains strong.

Genworth shares trade at a mere 6.9 times trailing earnings and pay a succulent 6.3% yield.

The bottom line on these forever stocks

High-quality stocks like Royal Bank, Algonquin Power and Utilities, and Genworth MI Canada would all look excellent inside your TFSA. So, what are you waiting for? Load up on these forever stocks today!

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2. NYSE:RY (Royal Bank of Canada)
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