3 Top Stocks for Canadian Retirees

Description

The market crash has been devastating for many Canadian retirees. It pushed the combined worth of many investment portfolios down, and when you don't have an active income (apart from CPP and OAS pension), it can be a scary thing. But thankfully, the market is recovering, and those who'd held on to their stocks instead of joining the sell-off might see their portfolios recover as well, albeit with a few bruises.

A market crash can be both scary and useful. And if you are a retiree who is willing to take advantage of another market crash, or you simply wish to buy some safe stocks, there are three that you might be interested in. For retirees who have limited capital and almost no risk tolerance, it pays to be conservative with stock picks. But that doesn't mean they have to stay away from growth altogether.

A consumer staple stock

Consumer staple stocks are inherently low risk, because no matter the economic situation, people still need to eat, buy groceries, and other necessities. Another thing people cannot divest from is medicine. One stock that combines all this is **Metro** (TSX:MRU). It's one of the top five retailers in the country, with 950 food stores and 650 drugstores.

The $15 billion company has been a Dividend Aristocrat for 25 years, and though its yield isn't something to write home about (1.5%), its growth rate is reason enough to buy this slightly oversold stock (or wait for another crash for the price to drop).

It's grown its market value by over 71 % in the past five years, which results in a CAGR of 11.4 for that period. $20,000 in this company at the same pace would grow to $34,300 in five years, which is equivalent to receiving dividends at 14.3% yield.

A conservative utility stock

It would be hard to find a more conservative stock than **Fortis** (TSX:FTS)(NYSE:FTS). As a utility stock, it's rock solid and safe enough to anchor your portfolio during recessions and market crashes. It has a stellar dividend history, a growth streak of increasing payouts for 46 consecutive years (that means through the Great Recession and several corrections), and a decent growth rate.

As a utility stock, it also offers something that people will keep needing and utilizing, no matter the economic situation: electricity and gas. Currently, Fortis offers a decent yield of 3.6%, and its five-year CAGR comes out to 10.5%. So, if you are putting $20,000 in this Aristocrat, your nest egg will be worth $33,000 in the next five years, along with at least $3,600 in dividends.

The banking king

Finally, the last stock is the king of the TSX jungle, **Royal Bank of Canada** (TSX:RY)(NYSE:RY). With a market cap of $138 billion, it's still the largest security trading on the exchange. As the largest of the Big Five, which means being in the safest position in one of the most reliable banking sectors in the world, RY is a very safe pick as an investment. Right now, the stock is a bit underpriced. Thus, it offers a relatively juicier yield of 4.45%.

Its five-year CAGR isn't too far off from the other two. $20,000 at 9.4% a year would grow to over $31,000, along with $4,450 in dividends in five years, so it would almost balance with Fortis.

Foolish takeaway

No matter how hard you look, no company and no stock is entirely immune and perfectly safe. Investing in stocks is intrinsically risky, and that's the risk you'll have to take to see returns better than interest or GICs. Still, the three stocks above are as safe as they get, and the best part is that, apart from dividends, all three also offer capital growth, which, considering the shorter periods that retirees have for portfolio growth, is a blessing.

CATEGORY

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2. NYSE:RY (Royal Bank of Canada)
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