TSX Champions: 2 Blue-Chip Stocks to Buy and Hold

Description

Do you know that you can buy dividend stocks on the **Toronto Stock Exchange** (TSX) and never sell again? If you're venturing into the investment world for the first time, the **Royal Bank of Canada** (TSX:RY)(NYSE:RY) and **Canadian Utilities** (TSX:CU) are the **TSX** champions.

The two blue-chip stocks are reliable income providers for long-term investors or retirees. While the share prices may dip from time to time, the companies can weather market storms and keep investors whole on dividend payments. Furthermore, the respective dividend track records prove you won't be biting your fingernails when there's extreme market volatility.

Forever resilient

RBC is Canada's largest lender with its $167.15 billion market capitalization. The name is also the country's most valuable brand. At $117.31 per share, the dividend offer is 3.68%. Assuming you invest $50,000 today, your capital will compound to $147,849.43 in 30 years. Over the last 20 years, the total return is 1,009.06% (12.77% compound annual growth rate).

Regarding the dividend track record, RBC has been paying dividends for 15 decades or the vast majority of its corporate existence. The prestigious banking giant is ever-resilient due to prudent risk and cost management. Its financial position has always been solid despite cyclical markets and massive industry headwinds.

In Q1 fiscal 2021 (quarter ended 2021), RBC's net income grew by 10% and 19% versus Q1 fiscal 2020 and Q4 fiscal 2020. There was strong volume growth and increased client activities across all business segments, notwithstanding the low-interest-rate environment.

During the first quarter, RBC's average leverage coverage ratio (LCR) was 141%, a surplus of about $104 billion. Likewise, the provision for credit losses decreased by $277 million from the preceding quarter. This blue-chip stock outperforms the TSX thus far in 2021 (+14.36% versus +9.61%).

High-yield defensive utility stock

Canadian Utilities not only has a mouth-watering 5.01% dividend, but an impressive dividend growth streak as well. The $9.45 billion diversified utility company has increased its dividends for 49 consecutive calendar years, a marvelous feat indeed. Stable, high-quality recurring earnings are the hallmark of this defensive income-producing asset.

The company derives 95% of total revenue from regulated assets, while long-term contracts support the remaining 5%. Expect strong growth to continue due to regular capital investments, enduring earnings, and rate base growth. It should assure investors of uninterrupted income streams and future dividend growth.

This **Atco Ltd.** company displayed its resiliency once more during Q1 2021. Canadian Utilities reported $191 million in adjusted earnings or 6.7% higher than in Q1 2020. Management cites the utilities' cost efficiencies and asset base growth as the reasons for the higher earnings.

In support of the communities it serves, Canadian Utilities has postponed the electricity and natural gas distribution utility rate increases for 2021. It will also collect deferred amounts beginning in 2023. The rate freeze was necessary, given the economic situation in Alberta and the financial hardships of end-users.

Keep for the long haul

Investing in blue-chip stocks is a winning strategy. Dividend investors appreciate the consistent dividend payouts of the Royal Bank of Canada and Canadian Utilities. If you have money that you won't need anytime soon, scoop some shares today. Keep them for the long haul to have a pension-like income in the future or when you retire.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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1. NYSE:RY (Royal Bank of Canada)
2. TSX:CU (Canadian Utilities Limited)
3. TSX:RY (Royal Bank of Canada)

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Date
2025/08/23
Date Created
2021/05/04
Author
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