3 Top Canadian Stocks to Buy Now and Own for 25 Years

Description

Top Canadian stocks with histories of delivering great long-term returns deserve to be on your TFSA and RRSP buy list.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a utility company with assets located in Canada, the United States, and the Caribbean. The businesses include power generation, electricity transmission, and natural gas distribution. These segments might not be as exciting as cryptocurrencies or cannabis, but the long-term financial results are impressive.

Fortis raised its dividend in each of the past 47 years and expects to hike the payout by an average annual rate of 6% through 2025. Growth comes from acquisitions and organic development. The current five-year capital program of nearly $20 billion should support steady increases in revenue and cash flow.

The stock currently trades near $55 per share and provides a 3.65% dividend yield. Long-term investors have done well. A $10,000 investment in Fortis 25 years ago would be worth more than $200,000 today with the dividends reinvested.

Fortis tends to hold up well when the broader market takes a hit. If you are searching for defensive stocks to buy and forget for decades, Fortis deserve to be on the list.

Bank of Montreal

Bank of Montreal (TSX:BMO)(NYSE:BMO) just reported strong fiscal Q2 2021 results. Canada's fourth-largest bank earned net income of $1.3 billion in the quarter compared to $689 million in the same period last year.

Bank of Montreal has strong retail banking operations in both Canada and the United States. The

American business positions the bank well to benefit from the post-pandemic economic rebound south of the border.

Bank of Montreal paid its first dividend in 1829 and has given investors a piece of the profits every year since that time. This is an impressive track record that makes the stock a top long-term pick.

Bank of Montreal isn't as cheap as it was a year ago, but the stock still deserves to be part of a buy-and-hold portfolio. Investors should see a generous dividend hike as soon as the government gives the banks the green light to resume increases. The current payout provides a 3.4% yield.

A $10,000 investment in Bank of Montreal 25 years ago would be worth about $200,000 today with the dividends reinvested.

Canadian National Railway

Canadian National Railway (TSX:CNR)(NYSE:CNI) rarely goes on sale, but the stock now appears undervalued.

The recent pullback from $149 per share to the current price near $130 is due to CN's deal to purchase U.S.-based **Kansas City Southern**. The US$30 billion takeover is 20% higher than the price Kansas City Southern was willing to take from **Canadian Pacific Railway** before CN topped the bid.

Investors are concerned the deal might not get regulatory approval. In the event the purchase goes through, CN's debt position could disrupt the company's traditionally generous return of cash to shareholders. CN halted its share-buyback program while the deal is being evaluated.

Near-term pressure on the stock could persist, but the big picture outlook for CN remains attractive. Whether or not the deal goes through, CN should benefit from long-term economic growth in Canada and the United States.

A $10,000 investment in CN when it went public in the 1990s would be worth more than $400,000 today with the dividends reinvested.

The bottom line

Fortis, Bank of Montreal, and CN are all top Canadian stocks with long track records of rewarding investors with attractive returns and should continue to deliver solid results for decades. If you want high-quality stocks for your TFSA or RRSP portfolio, these names deserve to be on your buy list.

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1. Bank Stocks
2. Investing

POST TAG

1. Editor's Choice

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2. NYSE:CNI (Canadian National Railway Company)
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4. TSX:BMO (Bank Of Montreal)
5. TSX:CNR (Canadian National Railway Company)
6. TSX:FTS (Fortis Inc.)

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