2 Top Canadian Stocks to Own for 30 Years

Description

Traders might be looking for quick wins, but buy-and-hold investors are searching for top Canadian stocks they can buy now and comfortably hold in their TFSA and RRSP portfolios for decades.

Nutrien

Nutrien (TSX:NTR)(NYSE:NTR) delivered solid Q1 2021 results and provided guidance that suggests the rest of the year should be positive.

Free cash flow was US$476 million in the latest quarter — more than 100% above the same period last year.

The company's wholesale business sells potash, nitrogen, and phosphate to countries around the world on large annual contracts and to buyers on the global spot markets. The retail division sells seed and crop-protection products.

Worldwide potash shipments are expected to be near record levels in 2021. Strong crop prices carried over from last year are driving expanded planted acreage, and that should translate into higher fertilizer sales through 2021 and into next year.

The long-term outlook also appears robust for the sector. Over the next 20 years, the world population is expected to increase by roughly two billion. As a result, farmers will need to get better yields out of their fields. This will occur while urban sprawl continues to consume arable land.

The crop nutrients market went through a multi-year slump but appears to be on the upswing in a new cycle that could last for years. Investors with a buy-and-hold view might want to add Nutrien to their portfolios today. At the time of writing, the stock provides a dividend yield of about 3%.

The share price is near its 12-month high, but still appears undervalued. Nutrien has the potential to generate massive free cash flow as commodity prices rise.

Royal Bank of Canada

Royal Bank (TSX:RY)(NYSE:RY) sailed through the worst of the pandemic in great shape and is now poised to benefit from the strong economic rebound.

Canada's largest bank by market capitalization reported net income of $4 billion in the most recent quarter. Return on equity came in at an impressive 19.4% and the company remains well capitalized with a CET1 ratio of 12.8%. In fact, Royal Bank is sitting on significant excess cash, and investors could see the bank make a strategic acquisition to boost growth. Once the government gives the banks the green light to raise dividends again, investors should see a generous increase.

Royal Bank's balanced business lines generate revenue across several sectors. The commercial and personal banking business is very strong in Canada, as are the capital markets and wealth management divisions.

South of the border, Royal Bank spent US$5 billion a few years ago to buy City National to boost its American presence. The business saw loans and deposits jump 28% the latest quarter compared to the same period last year.

Interest rates will eventually rise, and that should boost margins on deposits and boost assets yields in the coming years.

Royal Bank's share price isn't cheap, but the stock still deserves to be an anchor holding for a retirement portfolio. Investors who buy Royal Bank today can pick up a 3.4% yield.

The bottom line

Nutrien and Royal Bank are leaders in their respective industries and deserve to be buy-and-hold picks for a TFSA or RRSP. The companies have the ability to ride out downturns and should deliver strong long-term returns.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:NTR (Nutrien)
4. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date
2025/07/27
Date Created
2021/06/01
Author
aswalker