2 Top Canadian Stocks to Buy Today and Hold Forever

Description

Investors are searching for top Canadian stocks to put in their TFSA and RRSP portfolios. The overall market looks overbought right now, but you can still find some undervalued names for a self-directed pension fund.

Brookfield Asset Management

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) is a global alternative asset manager with more than US$600 billion in assets under management. The portfolios include real estate, infrastructure, renewable power, private equity, and credit.

Brookfield Asset Management delivered strong Q1 2021 results. The company reported record funds from operations of $2.8 billion and net income of $3.8 billion.

Brookfield has a knack for buying assets when they offer attractive potential to deliver strong returns. The company also knows when to monetize gains and recycle the funds to new opportunities. Brookfield booked $6.4 billion in disposition gains in the first quarter of the year.

Total assets under management increased to $609 billion in the quarter. Fee-bearing capital increased to $319 billion and fee-related earnings rose 29% to $419 million compared to the same period in 2020. Brookfield invests money on behalf of institutional clients as well as its own funds. At the time of the Q1 report, Brookfield Asset Management still had an additional $33 billion of committed capital that was uninvested. Once the funds are deployed, these funds will generate an additional $330 million of annual fees.

Total deployable capital sat at $80 billion.

The stock is a great way for investors to get exposure to global assets that would otherwise be out of reach. Brookfield Asset Management is one of a handful of companies around the globe that have the scale and expertise to purchase certain alternative assets.

The share price isn't as cheap as it was at the start of the year, but Brookfield Asset Management still appears undervalued. The real estate assets that took a hit last year, including office buildings, hotels, and student housing, should rebound in the next 12 months.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) has a 65-year track record of successful growth. The company now has $100 billion in assets that include oil natural gas transmission pipelines, gas storage, power generation, and oil pipelines.

TC Energy has a $20 billion secured capital program through 2024 and is advancing $7 billion of projects under development. As the new assets are completed and go into service, TC Energy expects revenue and cash flow growth to support annual dividend increases of 5-7%.

The natural gas industry has a bright future, and TC Energy is in a strong position to help Canadian and U.S. producers get the product to domestic and international customers. Countries around the world are replacing oil and coal-fired power production with natural gas, which emits significantly less greenhouse gasses when burned. The transition to renewable energy will take decades, and natural gas is a key part of the strategy.

TC Energy trades near $65 per share at the time of writing and provides a 5.3% dividend yield. The stock was as high as $75 before the pandemic, so there is decent upside potential as the energy sector recovers.

The bottom line

Brookfield Asset Management and TC Energy are leaders in their respective industries and should deliver solid long-term returns for buy-and-hold investors. If you have some cash to put to work in your TFSA or RRSP, these stocks deserve to be on your radar.

CATEGORY

1. Investing

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2. NYSE:TRP (Tc Energy)
3. TSX:BN (Brookfield)
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