



3 Top TSX Stocks to Own for Decades

Description

Canadian RRSP and TFSA investors are searching for top **TSX** stocks they can buy now and comfortably hold for 20 or 30 years.

Royal Bank of Canada

Royal Bank ([TSX:RY](#))([NYSE:RY](#)) is a giant in the Canadian and global banking industry. The company is one of the most profitable large banks in the world and continues to deliver great total returns for investors.

The feared wave of loan and mortgage defaults didn't materialize last year, and Royal Bank is now sitting on a significant pile of excess cash. Some businesses and homeowners will likely get into trouble once pandemic aid ends later this year, but Royal Bank has more than enough cash set aside to cover the potential losses.

Investors should see a large [dividend](#) increase and aggressive share buybacks continue as soon as the Canadian banks get the green light to resume the programs. Royal Bank could also use the extra cash to make another acquisition in the United States. The current dividend provides a 3.4% yield.

The shares are not as cheap as they were last fall, but Royal Bank remains attractive for buy-and-hold investors. A \$10,000 investment in the stock 25 years ago would be worth about \$370,000 today with the dividends reinvested.

Enbridge

Enbridge trades near \$49 per share at the time of writing and offers a 6.75% dividend yield. The company has a great track record of dividend growth, and investors should see the payout increase in line with projected 5-7% annual growth in distributable cash flow.

Even if the stock doesn't move higher, Enbridge will still deliver attractive returns. The likely scenario,

however, is a slow drift to the upside for the shares over the next couple of years. Energy infrastructure stocks are just beginning to see renewed investor interest, and that momentum should build, as the energy industry recovers and the market realizes existing pipeline infrastructure is extremely valuable.

Enbridge is large enough to grow through acquisitions and is focusing more of its organic expansion on the natural gas and renewable energy sides of the business.

It wouldn't be a surprise to see Enbridge stock hit \$60 in the next two years.

Suncor

Suncor ([TSX:SU](#))([NYSE:SU](#)) trades near \$30 right now compared to \$15 last year. Despite the huge rally off the 2020 lows, the stock still appears [undervalued](#). Suncor traded for more than \$44 before the pandemic. At that point, WTI oil sat about US\$10 per barrel *below* its current price.

A rebound in global fuel demand is driving up oil prices and quickly wiping out stockpiles. OPEC and its partners are taking their time to increase supply and analysts are starting to call for tight market conditions as early as next year. Bullish pundits see WTI oil topping US\$80 in 2021 and potentially spiking back to US\$100 at some point before 2025.

Oil won't stay that high for long, but it could easily settle in at a US\$75-80-per-barrel range. In this scenario, Suncor becomes a cash machine.

It will take decades for the world to make a full transition to renewable energy. Oil demand is expected to grow in the coming years, and Suncor and its peers are investing in [net-zero initiatives](#) that should make them more attractive for institutional investors who are currently shunning the sector.

If WTI oil is truly headed above US\$80 and manages to stay there for a few years, Suncor stock could double off the current price.

The bottom line on top TSX stocks

Royal Bank, Enbridge, and Suncor are top TSX stocks that should deliver solid long-term gains for TFSA and RRSP investors. If you only buy one, I would probably make Enbridge the first choice today. The stock provides the best dividend yield, looks like better value than Royal Bank right now, and should be less volatile than Suncor when oil prices fluctuate.

CATEGORY

1. Bank Stocks
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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:SU (Suncor Energy Inc.)

4. TSX:ENB (Enbridge Inc.)
5. TSX:RY (Royal Bank of Canada)
6. TSX:SU (Suncor Energy Inc.)

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