RRSP Investors: 2 Top Stocks to Own for 20 Years

Description

Canadian savers are searching for the best stocks to put in their self-directed RRSP portfolios. Let's take a look at two top stocks that deserve to be anchor positions in a buy-and-hold pension fund.

Telus

Telus (TSX:T)(NYSE:TU) is one of Canada's leading communications companies providing wireless, internet, and TV services to people and companies.

The business received some good news in May when the CRTC reversed planned cuts to wholesale internet rates in a decision that gives Telus and its large peers better clarity on their revenue outlook. The move should enable management at the leading communication firms to invest more money in expanding high-speed connectivity to cities, towns, and rural communities.

Telus raised significant capital this year through a stock sale and the IPO of its international business. The funds are being used to help finance investments in fibre optic and 5G networks. Telus spent nearly $2 billion in the recent 5G spectrum auction to boost its 5G rollout.

The company reported solid Q2 2021 results, with net income rising 9.2% compared to the same period last year. Adjusted EBITDA jumped 9.5% to $1.5 billion, supported by strong subscriber growth and improved margins.

Telus enjoys an industry-leading postpaid mobile churn rate of just 0.64%. This is important because the cost of attracting new customers is high, so Telus and its peers want to keep people signed up once they make the switch.

Telus Health saw services revenue rise 26% in the quarter compared to Q2 2020. Virtual care members jumped by one million over the past 12 months to 2.2 million at the end of Q2 2021. Digital health transactions, which include health claims, dental claims, and consultations facilitated by Telus Health increased by 13 million to 137.1 million in the quarter.

Telus reaffirmed its 2021 target for EBITDA gains of 8%. This should support ongoing dividend increases. At the time of writing, the stock trades at a reasonable $28.50 per share and offers a solid 4.4% dividend yield.

Canadian Natural Resources

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is a leader in the Canadian energy sector with vast oil and natural gas production facilities and untapped resources. The company is well known for the oil sands and conventional oil operations, but CNRL is also a major natural gas producer.

Oil and natural gas prices soared this year and CNRL is making significant profits. The company raised the dividend by 11% for 2021 and another generous increase should be on the way in 2022. CNRL reported strong Q2 2021 results. Adjusted funds flow came in at $3 billion in the quarter and CNRL generated $1.48 billion in adjusted net earnings.

The company reduced net debt by $1.7 billion in the latest three-month period and has increased its share repurchase target to 1% of outstanding common shares per quarter effective Q3 2021. CNRL generated $1.5 billion of free cash flow in Q2 after covering capital expenditures and dividend payments.

The stock is down to $40 from the 2021 high of $46. Investors who buy now can pick up 4.6% dividend yield.

The bottom line on top RRSP stocks

Telus and CNRL are two of Canada’s top dividend stocks offering attractive payouts that should continue to grow. Both stocks deserve to be RRSP picks right now for a buy-and-hold retirement portfolio.

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