3 Rock-Solid Holdings for Your RRSP

Description

One of the ever-present "disclaimer" statements associated with stock investing is that there is always a risk. No matter how old, well-established, and financially strong a business is, it's not infallible, and neither is its stock. Still, you can mitigate that risk considerably by investing in relatively "rock-solid" securities. Blue chips, Dividend Aristocrats, market leaders, and a few other traits can help you pick the winners in this category.

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An electric service company

Businesses associated with utilities like electricity tend to be quite safe. Whether it's electricity generation or transmission, the revenues are rarely in too much trouble (unless there are in-house weaknesses). That's why investing in an electricity transmission and distribution company like **Hydro One** (TSX:H) and putting it in your RRSP is usually a good idea.

It's one of the largest companies of its kind, especially in Ontario, where it carries the power to about 1.4 million customers (both residential and business). The company is more focused on rural areas. Even though the rural electricity market (by the number of customers) makes up about a quarter of the province, the lack of population density has resulted in the company covering about three-quarters of the geographic area.

It's a decent growth stock (with a 3.45% yield), and since 2019, it's also been a good growth stock.

Heavy equipment auction company

Ritchie Brothers (TSX:RBA)(NYSE:RBA) is one of the largest companies of its kind in Canada. As an auctioneer of heavy equipment, the company deals in a broad spectrum of transportation, construction, and other specialized equipment. They conduct physical and online auctions all around the globe, and they are quite successful.

In two of their latest auctions, one conducted in Edmonton and the other in Houston, Texas, they sold

88% and 91% of their lots, respectively. While its growth has been a bit unsteady, the stock has been on the rise since 2012, and it has been an aristocrat for far longer (18 years of consecutive dividend increases). The yield is on the low end (1.46%), but the 10-year CAGR of almost 14% is enough to buy this aristocrat in an RRSP.

An undervalued aristocrat

In this age of information, investing in a company like **Thomson Reuters** (TSX:TRI)(NYSE:TRI) that deals in information (one segment of its business) is a good idea. But several other factors endorse that decision. It has an elite clientele, and through its different business segments, it's connected with most Fortune 500 companies.

It's also one of the oldest aristocrats on the TSX and has grown its payouts for 27 years. The yield is down to 1%, but the capital-appreciation potential is fantastic. It has a 10-year CAGR of 21.4%, and the best part is that the powerful combination of a stellar dividend history and growth potential is currently available at a bargain price.

Foolish takeaway

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All three dividend stocks have decent long-term growth potential. They have strong competitive edges and a leadership position in their respective industries, which means minimal competition. And they are businesses that are likely to stay relevant for decades to come. The relatively modest dividends should be considered an added bonus since the primary offering of these holdings would be capital appreciation.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:TRI (Thomson Reuters)
2. NYSE:RBA (Ritchie Bros. Auctioneers)
3. TSX:H (Hydro One Limited)
4. TSX:RBA (Ritchie Bros. Auctioneers)
5. TSX:TRI (Thomson Reuters)

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