



Retirement Investors: 2 Top TSX Giants to Own for Decades

Description

The TSX Index is home to some very large companies that should deliver good long-term returns for self-directed [RRSP](#) investors.

Royal Bank of Canada

Royal Bank ([TSX:RY](#))([NYSE:RY](#)) has a [market capitalization](#) of \$180 billion. The company is Canada's largest financial firm and ranks in the top 15 among big global banks.

Royal Bank set aside billions of dollars last year to cover potential loan losses due to the pandemic. Businesses and homeowners aren't completely out of the woods, but the worst-case scenario has been avoided thanks to government aid programs and payment deferrals.

Once the assistance gets cut off, the banks will likely see an uptick in bankruptcies, but Royal Bank has the means to absorb the hit. A big surprise over the past year has been the resilience of the housing market. Low interest rates enticed more people to enter the market and home prices have soared as a result, despite the spike in unemployment that occurred due to pandemic lockdowns.

Royal Bank reported strong fiscal Q3 2021 results. The bank generated \$4.3 billion in net income in the quarter, up \$1.1 billion, or 34%, over the same period last year. The numbers included the release of \$638 million of provisions for credit losses (PCL), indicating the bank's customers are getting back on their feet as the economy reopens.

Royal Bank has a great track record of dividend growth, although the Canadian banks were forced to halt dividend increases last year as per government orders. They should get permission to restart payout hikes in 2022, if not sooner. When that happens, it wouldn't be a surprise to see Royal Bank boost the dividend by at least 10%.

The stock is down a bit from the 2021 high of \$133 to \$126 per share. Additional weakness could occur over the near term, but buying RY stock on dips tends to deliver solid long-term returns. Investors who buy at the current price can pick up a 3.4% dividend yield.

Nutrien

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) is the planet's largest supplier of potash and a leading producer of nitrogen and phosphate. These products are all used as fertilizer by farmers who want to get better yields from their crops. Nutrien also has a retail division that sells seed and crop protection products to roughly a half-million growers around the globe.

A surge in potash demand led Nutrien to increase production by one million tonnes for the second half of 2021. This will reflect positively in the Q3 and Q4 results, and investors could see the company deliver earnings that beat upgraded estimates. Strong crop prices have put more money in the pockets of farmers in Nutrien's core markets. This normally leads to the planting of additional land to take advantage of the strong market conditions.

Nutrien has increased the dividend by 15% since it started trading in early 2018 after the merger of Potash Corp and Agrium. The company has the potential to be a free cash flow machine when commodity prices move higher. The industry could be in the early innings of a long upward trend in crop nutrient prices.

The bottom line on retirement investing

Royal Bank and Nutrien are leaders in their respective markets and should deliver solid long-term results for investors. If you have some cash to put to work in a buy-and-hold RRSP portfolio, these stocks deserve to be anchor positions.

CATEGORY

1. Investing

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

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