



TFSA Wealth: 3 Top Stocks to Buy Now and Own for Decades

Description

Canadian savers are using their [TFSAs](#) to create self-directed retirement plans. The TFSA limit for 2022 is \$6,000, and the maximum cumulative contribution space is now up to \$81,500.

Canadian National Railway

CN ([TSX:CNR](#))([NYSE:CNI](#)) is a leader in the North American rail [sector](#) and one of Canada's largest companies.

The business provides rail transport services across a unique network that connects the Pacific and Atlantic coasts in Canada to the Gulf Coast in the United States. CN generates revenue in both Canadian and U.S. dollars, so investors benefit when the American currency moves higher against the loonie. CN caters to a wide range of segments, including automotive, forestry, coal, grain, fertilizer, crude oil, and intermodal. When one group has a rough quarter, the others often pick up the slack.

CN generates solid free cash flow and has a great track record of delivering attractive total returns for buy-and-hold investors. The stock appears cheap right now after the pullback from the 2021 highs.

A \$10,000 investment in CN 20 years ago would be worth about \$175,000 today with the dividends reinvested.

Royal Bank

Royal Bank ([TSX:RY](#))([NYSE:RY](#)) is Canada's largest financial institution and among the top 10 in the world with a current [market capitalization](#) of \$207 billion.

The company is a profit machine with fiscal 2021 net income of \$16.1 billion, up 40% compared to 2020. Return on equity came in at 18.6% last year, and Royal Bank finished fiscal 2021 with a CET1 ratio of 13.7%. This means it has excess capital to deploy to drive growth and reward shareholders.

Royal Bank raised the dividend by 11% when it announced the 2021 results. The bank is also planning to buy back up to 45 million shares. Investors could see another large dividend increase in 2022, and it wouldn't be a surprise to see Royal Bank use its war chest of cash to make a strategic acquisition.

The current dividend provides a yield of 3.3%.

A \$10,000 investment in Royal Bank stock 20 years ago would be worth about \$120,000 today with the dividends reinvested.

Suncor

Suncor ([TSX:SU](#))([NYSE:SU](#)) appears [undervalued](#) right now at \$34.70 per share. Investors can pick up a 4.8% dividend yield and simply wait for the flood of profits that is on the way this year. Oil prices have soared to their highest levels since 2014, and analysts are increasingly bullish on the outlook for the market. Demand growth is expected to continue, as the global economy recovers from the pandemic and Suncor is positioned well to benefit from the rebound.

The company is best known for its oil sands production operations, but Suncor also has refineries and retail locations that should deliver stronger results in 2022.

The stock hasn't kept pace with its peers, but that should change. The board is taking advantage of the low price to buy back up to 7% of the outstanding stock and the 100% dividend increase the company announced late last year indicates management's optimism on the outlook for free cash flow.

A \$10,000 investment in Suncor 20 years ago would be worth more than \$40,000 today with the dividends reinvested.

The bottom line

CN, Royal Bank, and Suncor are all leaders in their respective industries and should deliver solid total returns for TFSA investors seeking to build a self-directed retirement fund.

CATEGORY

1. Investing

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1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:RY (Royal Bank of Canada)
6. TSX:SU (Suncor Energy Inc.)

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