RRSP Investors: 3 Steady Stocks to Anchor Your Retirement Portfolio

Description

The retirement portfolio should be just as much about capital preservation as it is about capital appreciation, at least the closer you get to your retirement years. So even if you have a healthy risk tolerance, it's a good idea to add some steady stocks to your portfolio, to help anchor it during harsh markets. And if you pick suitable securities, steadiness and stability will not be the only traits you will get.

A utility giant

Calling **Fortis** (TSX:FTS)(NYSE:FTS) the "poster stock" for stability is not too much of a stretch. It's one of the easiest defensive and starter stocks on the TSX. But it doesn't mean that the stock doesn't have a place in the portfolios of investment veterans. The second-oldest dividend aristocrat in the country offers a healthy mix of growth and payouts to its investors.

Currently, it's offering a decent 3.6% yield, which is a result of a healthy 14% growth in the last 12 months. And if you buy the dip, you can lock in a 4% yield at least. The 10-year CAGR of 9.8% is not just sustainable, it's also fast enough to double your capital over a decade or so steadily. The value is quite attractive right now as well.

So buying this utility stock with its 3.4 million customers (both electricity and utility) adds a reasonable amount of growth, decent dividends, and a lot of stability to your portfolio.

A consumer staples giant

Metro (TSX:MRU) sells two things that people don't stop buying, even in harsh economic conditions: groceries and medicine. With its 950 grocery stores and over 650 pharmacies, the company has an impressive network in the country. Its local reach, along with its business model, gives it a lot of stability, but that's not all that it offers.

Even though Metro is a well-established dividend aristocrat with over 26 years of growing dividends under its belt, its current 1.6% yield is not reason enough to add it to your RRSP. However, what does make the stock worthwhile is its capital appreciation potential, which with a 10-year CAGR of 16.4%, is significantly more potent than Fortis.

The banking giant

While Fortis and Metro are giants in their respective fields, they are not the top "brass." But the third stock on this list has that honour. The **Royal Bank of Canada** (TSX:RY)(NYSE:RY) is the largest banking stock in Canada (by market cap) *and* the heaviest security currently trading on the TSX. It's also the largest lender in Canada.

The bank offers stability, not just thanks to the virtue of its position but because of the conservative nature of the banking sector as a whole, which allows it to handle market headwinds without sustaining irreversible losses. It also offers reasonably high growth potential and healthy dividends, which it has been raising almost every year for the past 10 years.

Foolish takeaway

It's important to note that your retirement portfolio doesn't have to be RRSP-only. If you can max out both, you can create a comprehensive retirement portfolio using your TFSA and your RRSP. But even if you can't, it's a good idea to keep a healthy portion of your retirement savings in the TFSA, so you have enough tax-free capital to meet your financial needs in retirement without raising your tax bill.

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3. TSX:FTS (Fortis Inc.)
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