2 Top TSX Stocks for Busy TFSA and RRSP Investors

Description

Life is busy, and most of us don’t have time to helicopter over our portfolios all day to make sure we aren’t getting hammered by a surprise event. Fortunately, the **TSX Index** is home to several top stocks that are excellent candidates for a buy-and-hold TFSA or RRSP portfolio.

Canadian National Railway

CN (TSX:CNR)(NYSE:CNI) is one of those stocks you can simply buy and sit on for decades. The rail sector enjoys a wide competitive moat and revenue expands with economic growth in Canada and the United States. CN has a unique network that connects three coasts with tracks running from the Pacific to the Atlantic in Canada and right down through the U.S. to the Gulf Coast.

CN serves many segments that are key to the smooth functioning of the economy. The company transports cars, coal, crude oil, forest products, fertilizer, grain, and finished goods. It generates revenue in both Canadian and U.S. dollars and is very profitable in most economic conditions.

CN has a great track record of dividend growth and long-term investors have done well with the stock. A $10,000 investment in CN 25 years ago would be worth about $600,000 today with the dividends reinvested.

TD Bank

TD (TSX:TD)(NYSE:TD) is a money machine. The bank is a giant in the Canadian banking sector with a market capitalization of $187 billion. It is also a major player in the United States retail banking market with operations that run from Maine right down the east coast to Florida.

TD recently announced a US$13.4 billion acquisition in the United States. The purchase of First Horizon will add more than 400 branches in the southeast of the United States and, upon closing, make TD one of the six largest U.S. retail banks.

The move should drive solid future revenue and earnings growth, as the American economy continues to recover from the pandemic.

TD is one of the best dividend-growth stocks on the TSX Index over the past two decades with an average compound annual dividend-growth rate of better than 10%. The board raised the payout by 13% last fall when the government lifted the pandemic ban on bank dividend hikes.

The stock has recently pulled back to $101 from the 2022 high around $109. At the time of writing, investors can pick up a 3.5% dividend yield.

Rising interest rates could cool off the hot housing market in the next couple of years, but higher rates also help the banks generate better net interest margins. On the whole, the increase in interest rates should be a net benefit for TD and its peers.

A $10,000 investment in TD 25 years ago would be worth about $240,000 today with the dividends reinvested.

The bottom line on buy-and-hold investing

CN and TD are great examples of top TSX dividend stocks that busy TFSA and RRSP investors can simply buy and forget for decades inside their retirement portfolios. Returns might not be the same over the next 25 years, but CN and TD still appear attractive as anchor picks for a self-directed pension fund.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:TD (The Toronto-Dominion Bank)

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