2 Safe TSX Stocks to Buy and Hold for Decades

Description

All investments, regardless of type, carry a degree of risk. Some people with low-risk tolerance would instead hold cash, even in their investment portfolios, because it's the most secure. There's instant liquidity when you need funds emergency. However, cash earns the least, if not zero. It will only grow when invested in an income-producing asset like stocks.

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Newbie investors in particular generally look for low-risk investments before parting ways with their money. They can't afford to make mistakes and lose their limited capital on the first try. Fortunately, there are TSX stocks that suit the low-risk tolerance of beginners.

Bank of Montreal (TSX:BMO)(NYSE:BMO) and **BCE** (TSX:BCE)(NYSE:BCE) are two of safe choices, and not only for first timers. Moreover, both stocks are eligible investments in an RRSP or TFSA. Young investors can see their money compound faster if held in either tax-advantaged investment account.

Immense growth is coming

BMO is Canada's oldest bank and TSX's dividend pioneer. This $87.91 billion bank has been sharing a portion of its profits with shareholders since 1829. The 193-year dividend track record is proof that the country's fourth-largest lender will not let its loyal investors down.

While the price of big bank stock will spike or dip from time to time, the dividends should be rock steady. At $130.92 per share, BMO pays an attractive 4.06% dividend. Dividend growth is also on the horizon once the Canadian bank completes the acquisition of Bank of the West by year-end 2022.

BMO investors looks forward to the business combination is because it will create the 13th-largest bank in the United States. It's a financially compelling investment, despite the US$16.3 billion cost. The reward in post-closing is a strong position in three of the top five U.S. markets in addition to a footprint in 32 states.

Essential business

BCE needs minimal evaluation, because everybody knows the importance of communications services. The $61.57 billion company operates in a near monopoly and is the most dominant among the Big Three in the telecommunications industry.

Income-wise, the 5G stock pays a mouth-watering 5.45% dividend. For only $61.53 per share, newbies can own an inflation-fighting income stock.

The stellar financial results in Q1 2022 should give you the confidence to invest in BCE. In the quarter ended March 31, 2022, net earnings, adjusted consolidated EBITDA, and service revenue grew 36%, 6.4%, and 4.2% versus Q1 2021.

According to Glen LeBlanc, CFO for BCE and Bell Canada, the consolidated financial results surpassed pre-COVID levels for the first time since the start of the pandemic. The investment thesis for the blue-chip asset has always been healthy recurring cash flow and substantial liquidity. BCE’s total return in 46.41 years is 79,063.75% (15.47% CAGR).

Expect BCE to also lead in the acceleration of 5G innovation and cloud adoption. Bell recently deployed the first multi-access edge computing (MEC) platform in Canada in partnership with **Amazon** Web Services’s Wavelength.

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Simple counter to inflation

Runaway inflation is the biggest concern today, as rising prices can erode the value of money significantly. While the stock market is beset with uncertainties, dividend investing is one of the simplest ways for investors of all ages to counter high inflation. The capital remains intact while cash flow streams are recurring.

CATEGORY

1. Investing
2. Stocks for Beginners

POST TAG

1. Editor's Choice

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2. NYSE:BMO (Bank of Montreal)
3. TSX:BCE (BCE Inc.)
4. TSX:BMO (Bank Of Montreal)

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