Top TSX Stocks: 2 Industry Leaders to Own for 25 Years

Description

The market pullback is giving Canadian TFSA and RRSP investors a chance to buy top TSX stocks at undervalued prices to boost total returns in their retirement portfolios.

Royal Bank

Royal Bank (TSX:RY)(NYSE:RY) is Canada's largest financial institution by market capitalization and one of 10 largest banks in the world.

The company continues to invest heavily in digital initiatives to ensure it remains competitive in rapidly changing sector where customers are becoming more comfortable doing their financial transactions across multiple digital platforms.

Royal Bank is very profitable. The company generated net earnings of $16.1 billion in fiscal 2022 and is on track to top that amount in fiscal 2022. Return on equity came in at 17.9% for the first six months of fiscal 2022. This kind of profitability is a dream for many large global banks.

Royal Bank stock trades near $125 per share at the time of writing compared to a 2022 high close to $150. Investors can now pick up a 4% yield and wait for the sector to rebound.

Buying Royal Bank shares on big dips tends to be a savvy move for buy-and-hold investors. A $10,000 investment in RY stock 25 years ago would be worth about $190,000 today with the dividends reinvested.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a giant in the North American energy infrastructure industry and provides essential services that keep the Canadian and U.S. economies running smoothly. The company transports 20% of the natural gas used by Americans and 30% of the oil produced in Canada and the United States.

Getting major new oil pipelines approved and built is nearly impossible these days, and that situation is unlikely to change. As a result, the existing infrastructure should become more valuable, as oil and natural gas demand rise.

The war in Ukraine has put Canadian and U.S. oil and gas in a spotlight. Europe is searching for reliable liquified natural gas (LNG) to replace supplies from Russia. Asian buyers are also seeking stable sources of fuel, as they convert coal-fired power plants to burn natural gas, which emits much less carbon dioxide.

Enbridge's renewable energy assets and natural gas distribution utilities round out the revenue stream. The company continues to make tuck-in acquisitions and has opportunities to build smaller pipeline projects, such as the two recently announced to supply LNG facilities in the United States.

The stock is down to $54.50 from the recent high around $59.50. At the current level investors can get a solid 6.3% dividend yield and look forward to steady payout increases as distributable cash flow grows.

Enbridge has delivered strong total returns for long-term investors. A $10,000 investment in ENB stock 25 years ago would be worth more than $250,000 today with the dividends reinvested.

The bottom line on top TSX stocks

Royal Bank and Enbridge are leaders in their respective industries and have delivered attractive long-term total returns for retirement investors. If you have some cash to put to work in a self-directed TFSA or RRSP pension portfolio, these stock appear undervalued and deserve to be on your radar.

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2. Investing

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2. NYSE:RY (Royal Bank of Canada)
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