Got $5,000? Buy These 2 TSX Stocks and Hold Until Retirement

Description

Market corrections, such as the one we're experiencing now, is the best time to buy stocks. If you got $5,000, consider these two **TSX** stocks that you can hold until retirement to build wealth.

Brookfield Asset Management stock

Investors have many reasons to like **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM). First, the global alternative asset manager has more than a century's experience as an operator and investor of businesses.

Second, it is diversified by geography and asset type. It invests in about 30 countries in renewable power and transition, infrastructure, private equity, real estate, credit, and insurance solutions. Third, it aims for long-term returns on investments of about 12-15% per year, which it has achieved for the long haul.

As explained in its Q1 2022 press release, in the late 1990s, BAM began providing asset management services to third parties. By the end of this year, the company plans to split its business into 1) the capital investor of proprietary assets (i.e., "corporation") and 2) the asset management (i.e., "manager").

Specifically, the corporation will invest for its own account, be capital intensive, and retain or invest the bulk of its earnings. The manager will manage money for others, require little or no capital, and can afford a higher dividend-payout ratio.

In other words, the corporation stock will be growth (or price-appreciation) focused, whereas the Manager stock will have a bigger dividend.

It's an exciting time to accumulate BAM shares, as the stock has declined about 28% from its 52-week high. Despite the cut in the stock price, the growth stock has still returned outperforming returns of about 16% per year in the last 10 years.

The big Canadian bank stocks are also solid TSX stocks to add to in this market correction if you have an extra $5,000 and hold for income.

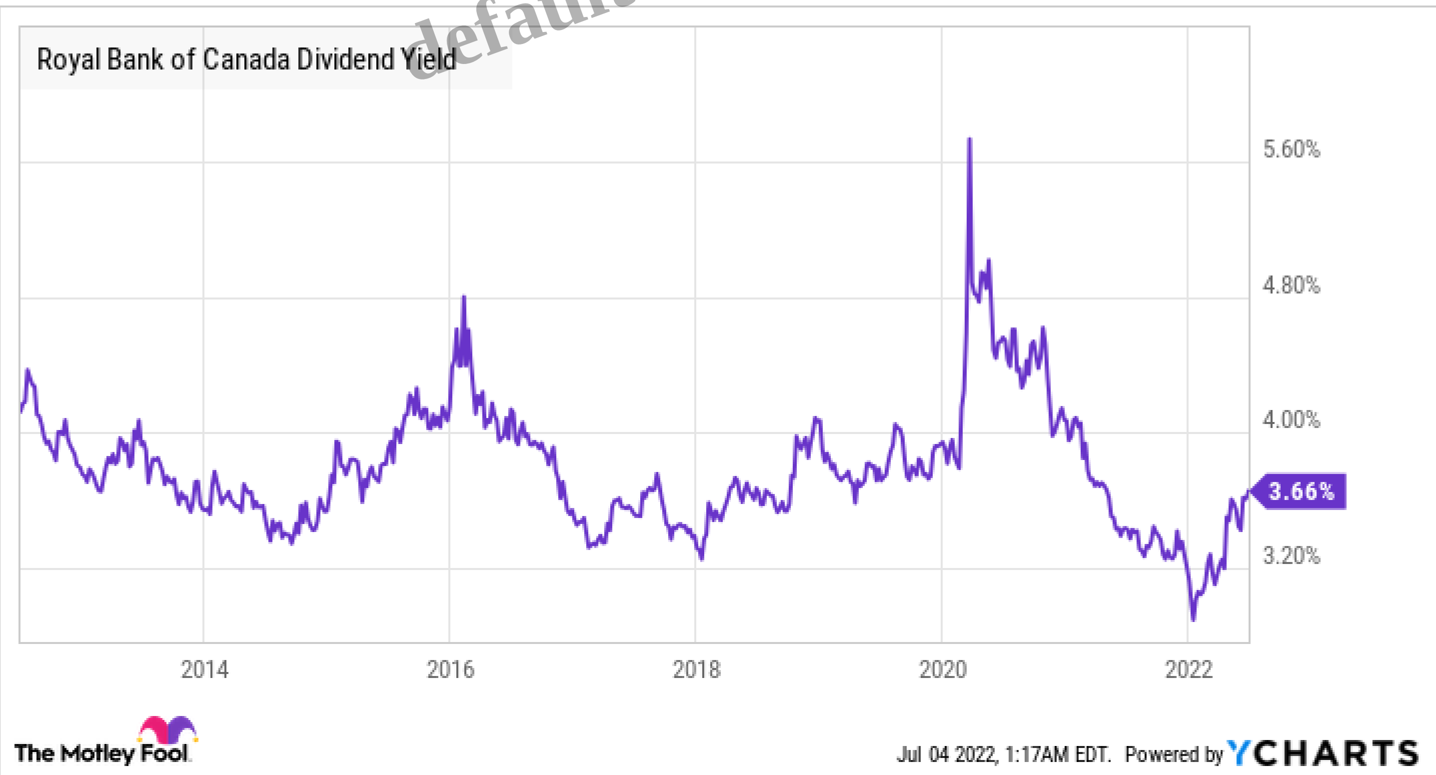
RBC stock

Royal Bank of Canada (TSX:RY)(NYSE:RY) is especially resilient as the largest Canadian bank stock by market cap. The regulatory environment is encouraging for RBC and its banking peers, as it resulted in an oligopoly seeing the Big Six Canadian banks holding close to 90% of Canada's banking deposits.

RY stock has generated stable earnings growth in the long run, leading to a sustainably growing dividend as well. The banking leader is one of the oldest dividend payers in Canada. Since 1870, it has started paying dividends! At $124.64 per share at writing, RBC stock yields 4.1% and is reasonably priced.

As we might be heading into a recession, the bank stock could continue heading lower. It's impossible to guess the market bottom, though. Typically, the market action is ahead of the economy. Therefore, a game plan may be to invest systematically, such as taking advantage of dips to start collecting dividend income.

For reference, here's RBC stock's 10-year dividend yield history. The chart indicates that the bank stock would be attractive if it hits a yield of about 4.8%. It's anyone's guess if or when the stock might get there in this market correction.



RY Dividend Yield data by YCharts

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2. NYSE:RY (Royal Bank of Canada)
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kayng