Canadians: 3 Easy Stocks to Invest in for Retirement

Description

It's not rocket science to plan for retirement. That is, if you have reasonable clarity about your financial goals.

Asset allocation plays an important role when planning for retirement. For example, if you're in your early thirties, you have a longer investment horizon and likely a higher-risk appetite. That calls for a relatively aggressive asset allocation that is focused on growth. So, you can allocate a larger portion of your investment funds to fast-growing tech stocks. Growth stocks are more volatile and more susceptible to broader economic cycles. They offer high growth prospects but typically experience larger drawdowns in bear markets.

On the other hand, if you have less than ten years until retirement, your investment horizon and, ultimately, risk appetite is lower. So, it would be prudent for you to focus on slow-growing, defensive names rather than the highest growth prospects.

On that note, here is a mix of high-quality stocks that could be great picks to round out your retirement portfolio.

Fortis

Canadian utility **Fortis** (TSX:FTS)(NYSE:FTS) is a high-quality defensive stock that pays stable dividends. Stocks like Fortis may not be suitable for every kind of investor. But if you're a conservative investor looking for stable passive income, Fortis is the stock for you. It yields a decent 3.5% and has increased dividends for the last 48 consecutive years.

Its earnings stability plays an important role in facilitating such handsome dividends. Think of it this way: during recessionary periods, people will always continue to use electricity. They will seek to cut costs elsewhere, mostly in discretionary spend. So, even if we are hit by an economic downturn as many expect we will, FTS will continue to pay regular dividends. In fact, management expects shareholder payouts to increase by around 5%-6% annually for the next few years.

Canadian Natural Resources

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is the biggest energy company in Canada and is strongly correlated with crude oil prices. It's also one of the biggest oil-sands producers in the country, and has shown strong earnings growth since the pandemic, thanks to rallying oil and gas prices. As a result, it's an aggressive bet for those who have the stomach for large stock price swings.

CNQ stock has returned 75% in the last 12 months and 260% in the last decade, including dividends. It currently yields an attractive 4.2%, higher than **TSX** stocks at large. Notably, CNQ could continue to create shareholder value due to its improved balance sheet, undervalued stock, and stable dividends.

Royal Bank of Canada

Canada's biggest bank stock **Royal Bank of Canada** (TSX:RY)(NYSE:RY) has dropped a notable 22% since April 2022. But this could be a golden opportunity for long-term investors.

It reported a 17% earnings drop in the latest quarter, largely driven by provisions and weaker performance in its capital market segment. However, its scale and credit quality stand tall among some of the leading Canadian banks. Plus, its stable dividends yield a healthy 4%.

Even though its earnings and stock could remain under pressure amid global uncertainties for the next few quarters, RY offers strong growth potential for long-term investors. It boasts a well-diversified business model, with multiple sources of revenue. Therefore, though the bank's capital markets, personal & commercial banking, and insurance segments might look worrisome at first glance, its overall long-term financial growth could remain on track with the help of continued strong performance among its other segments.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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2. NYSE:FTS (Fortis Inc.)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:FTS (Fortis Inc.)
6. TSX:RY (Royal Bank of Canada)

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