3 TSX Stocks You Can Hold for the Next 3 Decades

Description

The stock market price action hasn't been all that positive this year. In fact, the **iShares S&P/TSX 60 Index ETF**, as a Canadian stock market proxy, has fallen through an important support and now appears to be consolidating below a resistance. It'd need to break above that resistance of about $31 to head higher. Despite the strong results from the energy sector, the Canadian stock market is still down by about 13% year to date.

Market corrections aren't necessarily a bad thing. Sure, investors may feel the pain of their holdings falling. However, if you own stocks with underlying businesses that are well-positioned to increase their profits in the long run, market downturns should be viewed as an opportunity to buy more shares.

Here are three **TSX** stocks you can hold for the next three decades with the potential to increase your wealth by delivering solid total returns.

RBC stock

There's no surprise that **Royal Bank of Canada** (TSX:RY)(NYSE:RY) will be worth more over time. It has, in fact, increased its earnings and paid rising dividends over the long run. The leading bank has a strong foundation of diversified businesses across personal and commercial banking, wealth management, capital markets, insurance, and investor and treasury services.

RBC's dividend history goes as far back as 1870! Its 10-year dividend growth is respectable at a compound annual growth rate (CAGR) of 7.6%. The economy is absorbing high inflation and rising interest rates right now. So, stocks are generally depressed – in fear of a higher chance of a recession, which is generally defined as two consecutive quarters of negative gross domestic product.

In any case, RBC stock is a good value for long-term investors and offers a 4% dividend yield. Although it's not at bargain prices yet, it can still deliver total returns at a CAGR of approximately 11% – 4% from the dividend and an about 7% earnings-per-share growth rate, according to the low end of management's forecast.

Fortis stock

Investors can also take the opportunity to buy **Fortis** (TSX:FTS)(NYSE:FTS) at a better valuation on the dip. So far, it has fallen about 13% from its 52-week high.

The regulated utility makes predictable and stable earnings. Therefore, it rarely goes on sale. Fortis stock is so reliable that it has increased its dividend every year for almost half a century! Its 10-year dividend growth rate is 5.9%. Over the next few years, its low-risk capital plan also supports similar growth for its dividend.

The stock is getting awfully close to a dividend yield of 4%. In fact, if you assume a 6% dividend hike later this month, its forward yield would be nudged just over 4%. The fact is that 4% is not worth as much now in a high inflationary environment.

The stock could decline further over the near term, but if you expect inflation to eventually come back down to the target of about 2%, Fortis stock would be a good buy for stable returns and dividends in the long run.

Brookfield Asset Management stock

Deglobalization is driving inflation. COVID disruption and supply chain issues have added fuel to the fire. Interest rates are still low versus historical levels. High inflation will result in higher interest rates which could, in turn, bring down inflation. This means a higher cost of capital for businesses and a dampener on corporate profits, especially businesses that are capital intensive. However, global alternative asset manager **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM) expects to benefit as its operating expertise is worth more in this environment.

BAM, with its roots stretching as far back as 1899, has navigated different economic environments and thrived. It won’t be any different this time. Despite the large-cap growth stock being down 17% year to date, BAM has posted market-beating 10-year growth at a CAGR of 17.9%.

The company’s goal is to deliver compound annual returns of 15% or higher to shareholders over the long term. As such, investors should consider buying its shares on market corrections for more market-beating returns.

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3. NYSE:RY (Royal Bank of Canada)
4. TSX:BN (Brookfield)
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6. TSX:RY (Royal Bank of Canada)

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