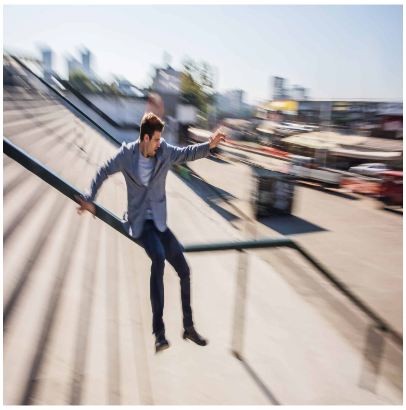

3 TSX Stocks That Could Set You up for Life

Description

It's previously been shown that the long-term returns of the stock market can outperform every other asset class. However, that doesn't mean that investors can just pick and choose any stock to hold in their portfolios. To help give themselves the best chances of finding success in the stock market, investors should buy shares of blue-chip stocks and be prepared to hold for a long time. In this article, I'll discuss three TSX stocks that could set you up for life.

Buy the Canadian banks

Investors should first consider buying shares in the Canadian banks. This is because the Canadian banking industry is relatively stable. Although there is competition between businesses, the industry leaders enjoy a formidable moat. This moat has been established after centuries of operation, with some of the Canadian banks starting operations in the 1800s. Of that group, my top pick is **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS).

The reason I feel Bank of Nova Scotia stands atop its peers is its focus on international growth. Uniquely positioned as a competitor within the Pacific Alliance, Bank of Nova Scotia is attempting to take advantage of a region whose economy is forecasted to grow at a faster rate than North American economies over the coming years. In addition, Bank of Nova Scotia is an outstanding dividend stock. The company has paid shareholders a portion of its earnings in each of the past 189 years.

Invest in this financial institution

Sticking to the financial sector, I believe **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM) is a stock that could set investors up for life. This company invests in and operates real assets. Through its subsidiaries, Brookfield has exposure to the infrastructure, insurance, real estate, renewable utility, and private equity markets. All considered, its portfolio accounts for more than $750 billion of assets under management.

The key to Brookfield's success may be its strong management team. Its long-time chief executive officer (CEO) Bruce Flatt is well respected in the world of finance for being a pioneer as an investor in real assets. Further, Flatt is often referred to as “Canada’s Warren Buffett” due to his long tenure as CEO, value investment style, and large ownership stake in his company. In my opinion, investors should remain confident in this company as long as Flatt is leading the way.

The Canadian railway industry is a good area to consider

Finally, investors should consider buying one of the Canadian railway companies. In Canada, this industry is dominated by a duopoly. Of those companies, **Canadian National Railway** (TSX:CNR)(NYSE:CNI) is my top pick. This is the larger of the two companies, operating 33,000 km of track. With rail spanning from British Columbia to Nova Scotia, this is one of the most recognizable companies in Canada.

Aside from its dominance as a railway company, Canadian National should interest investors for its strong dividend. Listed as a Canadian Dividend Aristocrat, the company has increased its distribution in each of the past 26 years. That makes it one of only TSX-listed companies to currently reach that mark. In addition, its dividend has grown at a compound annual growth rate of 12.2% over the past five years, helping investors stay ahead of inflation.

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