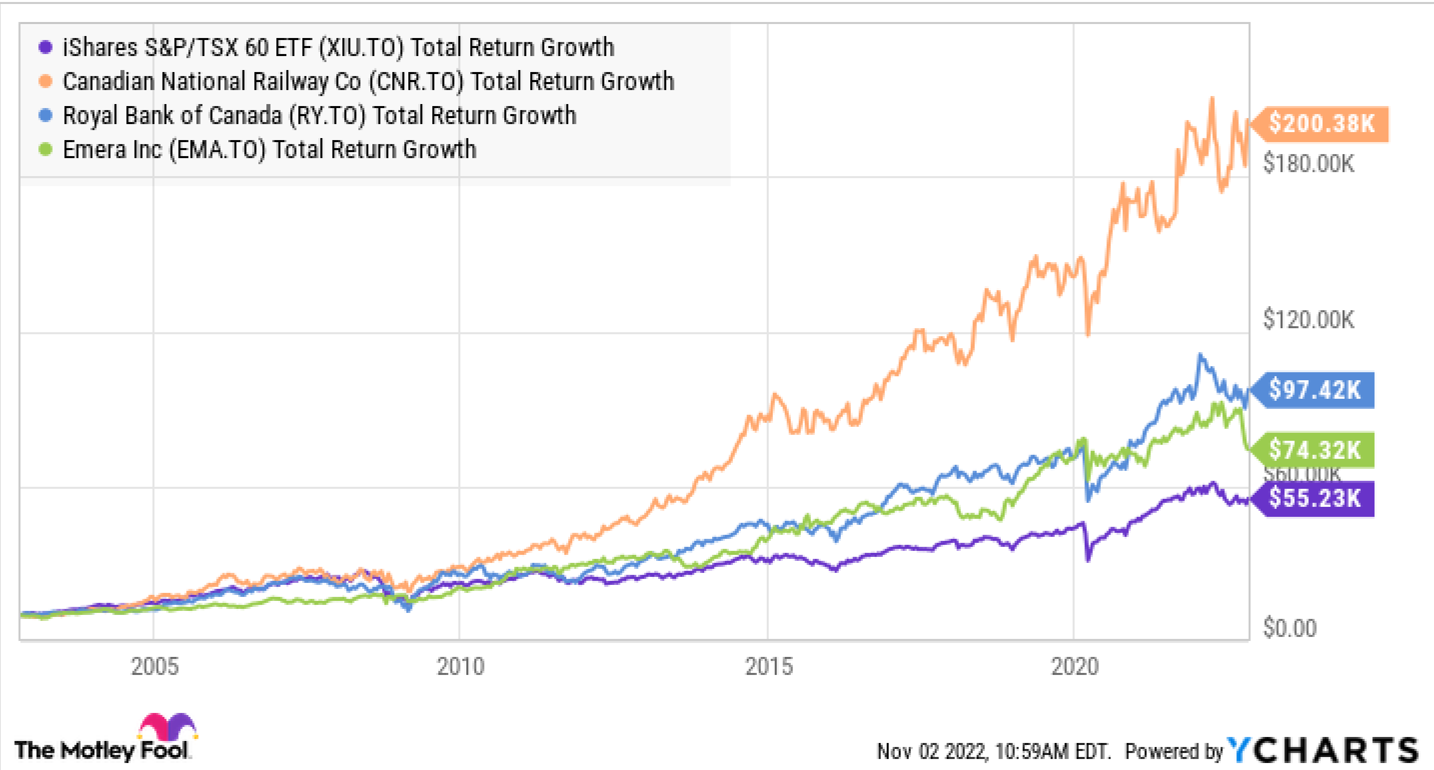

# How I'd Invest $50,000 in TSX Dividend Stocks for Retirement if I Had to Start From Scratch

## Description

In the last 10 and 20 years, the Canadian stock market has delivered a compound annual growth rate (CAGR) of 8.3% and 8.9%, respectively. $50,000 is a sizeable amount of savings for investment. Compounded at 8.3% per year for 20 years, $50,000 would have transformed into about $246,342.

Here are some quality dividend stocks that have outperformed the market over the last couple of decades that I'd populate in my stock portfolio for retirement if I had to start from scratch. I'd essentially buy and hold these top TSX stocks.

Here's a graph comparing an initial investment of $10,000 in the Canadian stock market versus the respective dividend stocks.



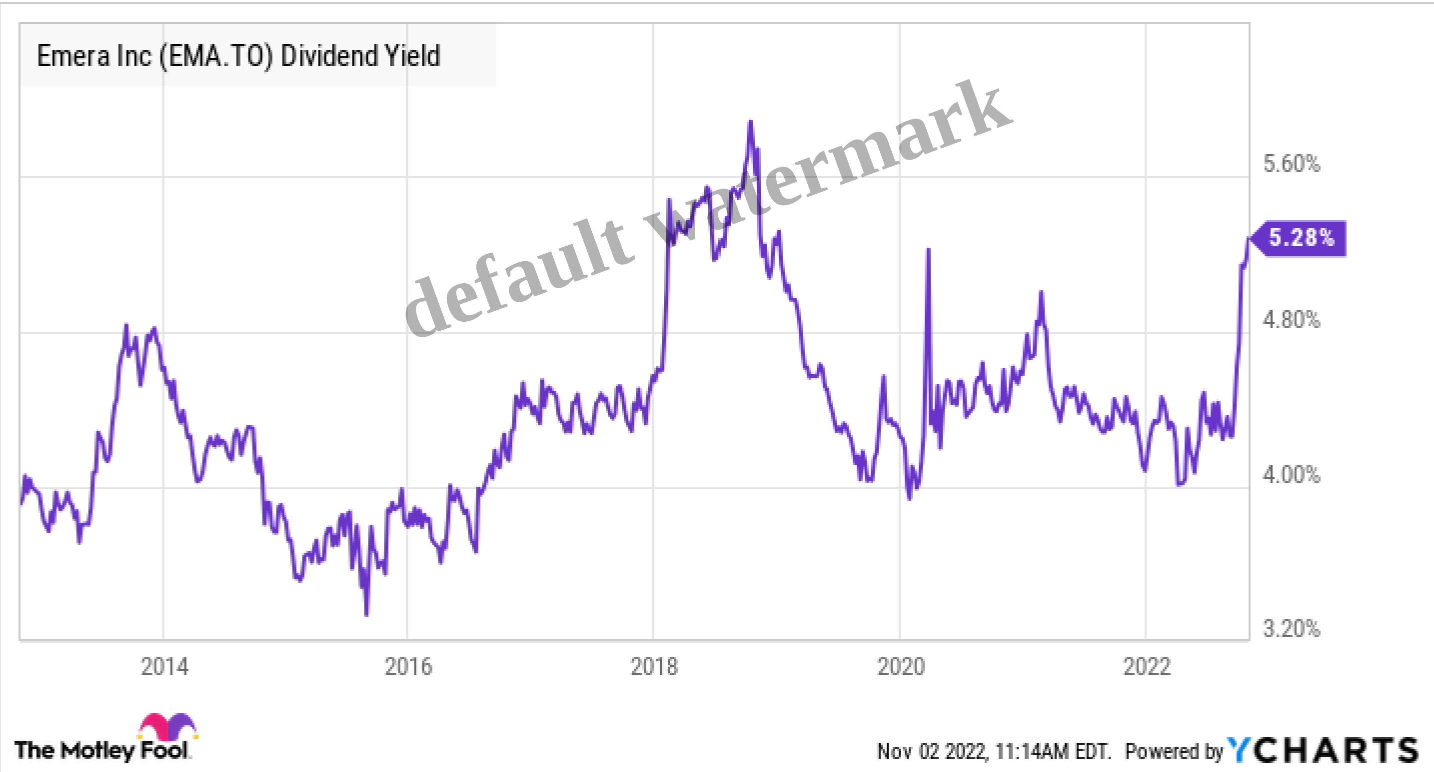
XIU, EMA, RY, and CNR Total Return Level data by YCharts

If they were to be as successful as they had been in the past 20 years, an equal weight portfolio will grow $50,000 into $620,530 over the next two decades!

## Emera stock

Utility stocks have generally been hammered in today's rising interest rate environment because of their capital-intensive nature. However, they're also defensive core holdings for nice dividends. **Emera** (TSX:EMA) stock is down close to 20% year to date, which provides a buy-the-dip opportunity for income investors.

Its price action may be weaker than its regulated utility peers this year due to Hurricane Fiona impacts. On the bright side, the declined stock allows investors to start with a dividend yield of 5.4%, which is at the high end of its 10-year dividend yield range.






EMA Dividend Yield data by YCharts

Emera has the financial position to ride through today's challenging environment. It has an investment-grade S&P credit rating of BBB. Additionally, its regulated utilities tend to make predictable returns on their investments. It last reported retained earnings of almost $1.3 billion for the end of the second quarter (Q2), which suggests a business with durable profits. Indeed, it's a low-risk investment that's profitable through economic cycles.

## RBC stock

Rising interest rates could be a booster of earnings for top banks like **Royal Bank of Canada** (TSX:RY

) by expanding its net interest margin, although they are also suspects of dampening economic growth.

Regardless, RBC has a diversified business to sustain solid earnings through economic cycles. It has paid dividends every year since 1870. Its sustainable payout ratio and diversified earnings from personal and commercial banking, wealth management, capital markets, and insurance will protect its dividend, even in a recession.

The stock is highly resilient. Even when Canada is expected to enter a recession as soon as Q1 2023, RBC stock still trades at about fair value and yields just over 4%.

## CN Rail stock

Don't be deterred by **Canadian National Railway's** (TSX:CNR) small yield of 1.8% compared to the other two stocks. It is a darling in the investment community. Its 10- and 20-year total returns are market beating at 15.8% and 16.2%, respectively. It also has an S&P credit rating of A and lower volatility than the market, which conservative investors prefer.

CN Rail is the backbone of the economy. It transports tonnes of goods every day, including automotive, coal, fertilizer, temperature-controlled cargo, forest products, grain, metals and minerals, petroleum and chemicals, and consumer goods. Last year, it saw stable revenue growth of 5% and reported net income of $4.9 billion, which, on an adjusted earnings-per-share basis, climbed 12% year over year.



## The Foolish investor takeaway

You don't want to gamble away the funds that you're growing for retirement. Carefully selected dividend stocks can make you sustainably wealthy. For example, investing in Emera, RBC, and CN Rail over time can help you build a secure retirement and growing passive income.

Of course, three stocks aren't enough for portfolio diversification. Here's a tip to find ideas: a characteristic that makes a dividend stock a good prospect for retirement investing is that its total returns have outperformed the market in the long run.

**CATEGORY**

1. Dividend Stocks
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**TICKERS GLOBAL**

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:EMA (Emera Incorporated)
5. TSX:RY (Royal Bank of Canada)

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