Retirees: 3 Canadian Stocks You Can Confidently Own for the Next 20 Years

Description

Stocks are attractive investments, given their higher returns than most asset classes. Furthermore, a lot of them pay reliable dividends, providing regular income. However, when it comes to investing in stocks, retirees should be more cautious, as losses in the stock market can significantly reduce your retirement savings.

Against this background, let's look at three Canadian stocks that retirees can confidently own for the next 20 years for consistent income and capital appreciation.

Canadian National Railway

Canadian National Railway (TSX:CNR) is the leading transportation company and a trade enabler. The rail freight company is a dependable investment for retirees, as its services are deemed essential for the economy. It transports over 300 million tons of products throughout North America every year and has a diverse customer base. Further, it is expanding its geographic footprint and improving operational efficiencies, which bodes well for future growth.

The company consistently generates solid earnings and cash flows, which is why it is also an attractive dividend stock. Canadian National Railway has increased its dividend at a CAGR (compound annual growth rate) of 16% in the last 26 years. Its strong balance sheet, low adjusted debt to adjusted EBITDA (income before interest, taxes, depreciation, and amortization), and investments in growth will likely drive future earnings. Also, its focus on driving yield through contract renewables is positive.

Overall, Canadian National Railway stock is a solid investment for retirees to grow their capital at a decent pace and earn regular income.

Alimentation Couche-Tard

While shares of consumer companies are less risky, they aren't immune to macro headwinds. However, as I said before, consumer stocks are relatively less volatile amid wild market swings and are reliable investments for retirees. Within the consumer space, retirees can consider investing in **Alimentation Couche-Tard** (TSX:ATD).

Alimentation Couche-Tard operates a recession-resilient business, which is growing at a solid pace. Its revenue has increased at a CAGR of 11% since 2012. During the same period, its adjusted EPS (earnings per share) has grown at a CAGR of 20%. Thanks to its strong earnings base, Couche-Tard hiked its dividend at a CAGR of over 27% in the past decade.

Its extensive store presence in Canada, expansion in the U.S., and benefits from acquisitions bode well for growth. Moreover, its value offerings are likely to drive customers to its stores. Also, Couche-Tard's focus on cost efficiencies and low-cost debt will likely cushion earnings.

Retirees can rely on this low-risk stock for consistent dividend income and capital appreciation.

Fortis

Fortis (TSX:FTS) operates a low-risk electric utility business, which makes it a must-have stock for retirees. It has delivered an average annual total shareholder return of 9% in the past decade. Looking ahead, Fortis could benefit from its growing rate base. Fortis plans to expand its rate base to $46.1 billion by 2027 through a $22.3 billion capital program. The growing rate base will drive its earnings and support its stock price and dividend payments.

Fortis is a Dividend Aristocrat that has increased its dividend for 49 years. Also, it sees a 4-6% annual growth in its dividend per share through 2027, which is encouraging. Moreover, its replacement of aging assets and growing renewable power-generation capacity bode well for future growth.

Bottom line

These companies operate resilient businesses and offer steady dividend income, which makes them solid investments for retirees. However, retirees should note that these stocks are not risk free, and an adverse operating environment could impact their financials and future dividend payments.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ATD (Alimentation Couche-Tard Inc.)
2. TSX:CNR (Canadian National Railway Company)
3. TSX:FTS (Fortis Inc.)

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snahata