2 Market-Leading Canadian Stocks to Buy Now and Hold Forever

Description

As Canadians get to reset now in the new year, there's a lot to look back on in 2020.

The Canadian market, along with many others across the globe, suffered a serious market crash in the spring of last year. The **S&P/TSX Composite Index** dropped close to 40% in just over one month. The arrival of the COVID-19 pandemic in North America was the main reason for the crash.

The Canadian market managed to impressively dig itself out of the sudden crash last year. Even so, I believe there is still a lot of uncertainty heading into 2021, at least in the short-term.

Vaccines began being distributed toward the end of 2020, which is of course good news for the economy. The uncertainty comes from not knowing the extent of the long-term damage that's has been caused by the pandemic.

It's still far too early to truly understand the types of lasting impacts that the COVID-19 virus will have on both public and private companies across the country.

Invest in market-leading Canadian stocks

Tech stocks fuelled the massive bull run last year, which started in late March and continued through the rest of 2020. While that could likely continue in 2021, it's far from certain.

Rather than betting on the growth of tech stocks to continue, Canadians should instead think about adding some stability to their portfolios. Investing in solid market-leading Canadian stocks can provide investors with exactly that.

With all the short-term unknowns in the economy today, there's a heightened risk in adding high-growth companies to your portfolio. Rather, investors should look to add blue-chip Canadian stocks to their portfolio. Canadians can feel good about holding those types of investments for the long term.

I've covered two top Canadian stocks that you shouldn't have any hesitation about adding to your portfolio today.

Canadian stock #1: Royal Bank of Canada

Royal Bank of Canada (TSX:RY)(NYSE:RY), along with the other major Canadian banks, was initially hit hard by the pandemic.

The Bank of Canada did its best to help stimulate the damaged economy by lowering interest rates throughout 2020. That may have helped Canadians in the short-term, but it's had a considerable impact on the major bank's profits.

Few are expecting interest rates to shoot back up as quickly as they were lowered. As a result, profits may be hurting for a while for the Canadian banks. The good news, though, is that this setback is a temporary one.

Even during a low interest rate economy, the major banks are one of the most dependable Canadian stocks for investors to own.

In 2020, Royal Bank of Canada drove a very similar performance to the S&P/TSX Composite Index. Since 2010, though, Canada's largest bank has doubled the returns of the Canadian market — and that's not even including dividends.

Royal Bank of Canada, along with the other major banks, offers one of the top dividends you'll find among Canadian stocks.

An annual payout of $4.32 per share is good enough for a yield of above 4% at today's stock price.

Canadian stock #2: Brookfield Renewable Partners

Brookfield Renewable Partners (TSX:BEP.UN)(NYSE:BEP) may trail Royal Bank of Canada in terms of stability and its dividend, but it more than makes up for it in growth potential.

Valued at a market cap of $15 billion, Brookfield Renewable Partners is one of the top renewable energy providers in the world. The company focuses primarily on hydro, wind, and solar energy sources.

In comparison to the major Canadian banks, Brookfield Renewable Partners still has many more years of market-beating growth potential ahead of it.

In 2020, the stock was up more than 50%. Over the past decade, it's up close to 400%, easily crushing the Canadian market's return of 50%.

Not only is Brookfield Renewable Partners a consistent market-beater, but it also offers a dividend. A pretty decent yielding one too, considering the stock's growth potential.

At an annual payout of $1.50 per share, investors will earn a yield of about 3% at today’s stock price.

Foolish bottom line

These two Canadian stocks might not receive as much media attention as some of the other high-flying growth companies, but that shouldn’t keep you from adding either company to your portfolio today.

Owning stable market-leading stocks like these allows investors to take on more risk in other high-growth investments.

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
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Date
2025/07/01
Date Created
2021/01/01
Author
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