



RRSP Investors: 2 Top Canadian Stocks for Your Retirement Fund

Description

Canadian investors are searching for reliable stocks to add to their retirement portfolios.

Let's take a look at **Canadian Pacific Railway Limited** ([TSX:CP](#))([NYSE:CP](#)) and **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) to see why they might be interesting picks.

CP

CP operates rail lines in Canada and the United States with direct links to ports on both the east and west coasts.

The company reported steady Q1 2018 results, despite challenging weather conditions and some ongoing contract concerns.

Volumes rose 6%, carloads increased 4%, and revenue jumped 4% compared to the same period last year. Adjusted diluted earnings per share came in at \$2.70, up from \$2.50 in 2017.

The company recently reached an agreement with unions representing the company's conductors, engineers, and signal workers to avoid a strike. A vote on CP's latest offer is scheduled for May 14-23.

Long-term investors have done well with this stock. A \$10,000 investment in CP 20 years ago would be worth more than \$95,000 today with the dividends reinvested.

CP currently trades for 14 times trailing 12-month (TTM) earnings and 5.3 times book value. These are cheaper than the average multiples in recent years, suggesting CP might be undervalued right now.

Royal Bank

Royal Bank earned \$11.5 billion in fiscal 2017. That's right, Canada's largest bank rakes in about \$1 billion in profit per month!

Customers who think bank fees are too high might not be overly impressed, but Royal Bank's shareholders are all smiles.

The secret to Royal Bank's success lies in its balanced revenue stream. The company has strong personal and commercial banking, wealth management, capital markets, investor and treasury services, and insurance operations.

Royal Bank spent US\$5 billion in late 2015 to acquire California-based City National. The move surprised some analysts, after Royal Bank sold its U.S. retail banking operations just a few years earlier.

As a private and commercial bank, City National serves high-net-worth clients and provides Royal Bank with a strong platform in the U.S. to grow its presence in the segment.

The company has a strong track record of dividend growth, and that trend should continue with rising earnings. At the time of writing, the stock provides a yield of 3.8%.

A \$10,000 investment in Royal Bank 20 years ago would be worth more than \$90,000 today with the dividends reinvested.

The bottom line

Canadian savers with a buy-and-hold strategy can set aside some serious cash for retirement in their RRSP portfolios by owning top-quality Canadian stocks.

CATEGORY

1. Investing

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:CP (Canadian Pacific Railway)
4. TSX:RY (Royal Bank of Canada)

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