



Should Toronto-Dominion Bank (TSX:TD) or Nutrien Ltd. (TSX:NTR) Be in Your RRSP?

Description

Canadians are using self-directed RRSP accounts to build stock portfolios to help fund a [comfortable retirement](#).

Let's take a look at **Toronto Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) and **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) to see if one deserves to be a top pick today.

TD

TD is closing in on the title of being Canada's largest company by market capitalization. At the time of writing, TD has a market cap of \$140 billion, putting it right on the heels of **Royal Bank**, which is valued at \$147 billion.

TD has outperformed in the past couple of years, largely due to its significant presence in the United States, which includes retail banking operations that run from Maine right down the east coast to Florida. TD is also part owner of TD Ameritrade. Tax changes, rising interest rates, and a strong U.S. economy all bode well for TD's business south of the border. The American operations contribute more than 30% of the company's profits, which could expand in the future.

TD is targeting medium term earnings-per-share growth of 7-10%. Based on the performance in recent years, the guidance is likely quite conservative. In the latest quarter, TD generated more than \$3 billion in adjusted net income.

TD raised its dividend by nearly 12% for 2018 with a compound annual dividend growth rate of better than 11% over the past two decades. At the time of writing, the stock provides a [yield](#) of 3.4%.

Nutrien

The global market for crop nutrients is improving after a multi-year downturn hammered potash, nitrogen, and phosphate prices. The recovery is just in its early stages, but Nutrien is already seeing the benefits.

The company has raised guidance twice in 2018 amid strong demand for potash and improved spot prices in key markets. With population growth expected to continue through the end of the century and less land available for farmers, the demand outlook should be robust for the fertilizer industry.

Nutrien also operates a worldwide network of retail locations that sell seed and crop protection products to global farmers. The division provides a nice revenue hedge against potential volatility in the wholesale crop nutrients business.

Nutrien pays a quarterly dividend of US\$0.40 per share. Investors should see steady increases in the coming years as the market continues to recover. The current payout provides a yield of 2.9%.

Is one more attractive?

TD and Nutrien are both leaders in their markets with solid growth outlooks. If you only buy one, I would probably make Nutrien the first pick today. The fertilizer recovery appears to be underway, and Nutrien has the potential to generate significant free cash flow on improved prices. This could provide a strong tailwind for the stock in the next few years.

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TICKERS GLOBAL

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:NTR (Nutrien)
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