
# RRSP Investors: 3 Top Stocks to Help You Retire Rich

## Description

Canadian savers are using self-directed RRSP accounts to put aside cash to help fund a comfortable life down the road.

One popular strategy involves owning top dividend stocks and using the distributions to buy new shares. This sets off a powerful compounding process that can create a significant retirement fund over the course of two or three decades.



Let's take a look at three stocks that might be interesting picks today for your RRSP portfolio.

## CN

**Canadian National Railway Company** (TSX:CNR)(NYSE:CNI) is one of those stocks that you can simply buy and forget about for 20 years.

The firm serves an integral role in the operation of the North American economy, with tracks connecting ports on three coasts. CN transports everything from raw materials used for construction and manufacturing, to finished goods, including crude oil, coal, cars, lumber, and grain.

The business generates strong profits and adequate free cash flow to cover required capital investments, as well as generous dividend hikes and share buybacks.

CN raised the dividend by 18% in 2019 and has hiked the payout by a compound annual rate of about 16% over the past 20 years. A $10,000 investment in CN two decades ago would be worth about $210,000 today with the dividends reinvested.

## Bank of Montreal

**Bank of Montreal** (TSX:BMO) (NYSE:BMO) is Canada's oldest bank and has given investors a piece of the profits through its dividend every year since 1829.

The company is known for having strong commercial banking operations in both Canada and the U.S. Bank of Montreal first entered the U.S. market in the early 1980s and has grown its presence over time to the point that it now has roughly 500 branches primarily serving customers in the Midwest states.

Bank of Montreal trades at a reasonable 10.3 times earnings right now and provides a solid 4.3% dividend yield.

Dividend increases should continue at a steady pace in line with annual gains in earnings per share of probably 5%–7% over the medium term.

The drop in bond yields in 2019 has led to reduced rates on fixed-rate mortgages. This has taken some stress off the Canadian housing market and should provide a nice boost to new mortgage sales in the coming months. At the same time, existing mortgage holders can renew at better rates, meaning a lower potential for defaults.

## Nutrien



**Nutrien** (TSX:NTR) (NYSE:NTR) is the planet's largest supplier of potash and a leading producer of phosphates and nitrogen. These products are used by farmers to boost crop yields.

The company also has a retail division that sells seed and crop protection products to growers around the world.

Population growth is expected to add 2.3 billion people through 2050, bringing the global total close to 10 billion. At the same time, the amount of land that farmers have available to grow food to feed everyone continues to decrease, due to urban expansion.

As such, Nutrien should see strong demand for its products for decades.

The company raised its dividend twice in the past year and is targeting higher year-over-year earnings in 2019. Crop nutrient prices have improved after a multi-year downturn and Nutrien has the potential to be a cash flow machine as margins increase.

The stock trades for close to $68 right now, and it wouldn't be a surprise to see it hit $100 in the the next two years.

## The bottom line

CN, Bank of Montreal, and Nutrien are all top-quality companies that should be attractive picks for a self-directed RRSP. An equal investment across the three stocks would provide exposure to different industries and geographic markets.

**CATEGORY**

1. Bank Stocks
2. Dividend Stocks
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**TICKERS GLOBAL**

1. NYSE:BMO (Bank of Montreal)
2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:NTR (Nutrien)
4. TSX:BMO (Bank Of Montreal)
5. TSX:CNR (Canadian National Railway Company)
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