Buy This 1 TSX Energy Stock for Last-Minute RRSP Income

Description

With almost another full month left to go for retirement investors to contribute to an RRSP for 2019, it makes sense to review suitable stocks to buy and forget about for low-risk income growth. Great stocks for RRSP investing are reliable, predictable, and require very little maintenance.

One way to beef up a pension portfolio is to take a leaf out of the CPP Investment Board itself. Keeping with the energy theme, it's notable that the largest energy stock and the second-largest investment altogether held by the CPP in terms of market value, as per information from March 2019, is **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ).

Canadian oil and gas stocks paint an appealing picture of value amid an increasingly embattled sector and could see some upside this year if the sector somehow bounces back. However, as a long-term thesis, oil and gas stocks could be on their way out.

With oil hitting year-long lows, as uncertainty weighs on demand, energy investors may find themselves falling in line with Jim Cramer's reading of the markets. Fossil fuels are on their way out as far as capital gains are concerned. To quote Jim, "I'm done with fossil fuels; they're just done. The honest truth is I don't think I can help you make money in the oil and gas stocks anymore."

Here's why it might be a better idea to go with Jim than the CCPIB.

Looking at the data for Canadian Natural Resources, we can see that it trades at almost half its inherent future value, and with earnings growth topping 20% in the last half decade, it would appear at a glance that its 3.56% dividend yield is well covered.

However, performing a quick risk analysis on the stock shows a potential drop of about the same amount annually by 2023. The business carries a certain level of debt and has seen some insider selling of shares in the last three months.

A better play for the future may be something like **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN). Trading at a similar discount of 33.5% below its future cash flow value, the business is forecast to grow (rather than shrink), with a revenue hike of around 15% annually.

Algonquin Power & Utilities pays a dividend that is a shade higher than that of Canadian Natural Resources, at 3.6%, and it also saw significant year-on-year income growth of 380.8% in the last 12 months.

With its portfolio of hydroelectric, wind, and solar power and sturdy utilities exposure, Algonquin Power & Utilities taps into the green-power trend that is transforming the energy sector. The stock is a buy for investors seeking progressive businesses packing growth, passive income, capital gains, and an ethical edge that's driving systemic change in one of the world's most defensive sectors.

The bottom line

Spread that risk around and pack diversified stocks into your retirement savings plan this month. While adding a range of stocks from different sectors is a solid play for variety, single stocks like Algonquin Power & Utilities that represent diversified growth can also satisfy a low-risk income strategy.

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vhetherington