



3 Strong Stocks for RRSP Investors to Buy in June

Description

Risk is back in the headlines with a bang this weekend. Political and economic stressors have turned the TSX as overcast as the weather. This weekend, then, investors should stick to what they know. Retirement investors looking for ideal additions to a Registered Retirement Savings Plan (RRSP) have some nicely valued stocks to choose from right now. Aside from value, they're also solidly defensive.

A defensive trio of RRSP stocks

One of the biggest stories on the TSX this week was the massive hit to profits taken by some of the Big Five banks. Look at **TD Bank**, for instance, pumping funds into loan-loss provisions with year-on-year profits down 52%. However, TD Bank's buy signal is only bolstered by the sudden perceived shift in value. Never mind its second-quarter losses — TD Bank has continued to protect its payout and looks solid in the long term.

TD Bank is also the only Canadian bank deemed [strategically important on the world stage](#) by the Financial Stability Board (FSB). The designation is something of a backhanded compliment, since it is designed to regulate those banks most capable of disrupting the financial landscape. The FSB helps to oversee the biggest names in banking in order to avoid a repeat play of the 2008 Financial Crisis.

This oversight therefore adds another layer of reassurance to a long-term TD Bank investment. Another reason to sleep easy with TD Bank in a portfolio is the distinct possibility of a bailout should the worse come to the worst. On the bullish scale of things, though, investors should hold TD Bank shares for a well-covered dividend yield of 5% and continuing growth opportunities in the U.S. financial markets.

Algonquin Power & Utilities matches the [steep upside potential of the clean energy sector](#) with a well-fed dividend yield. **CN Rail** rounds out a potential trio of long-term dividend stocks for the low-risk RRSP investor looking for a comfortable retirement. Speaking of risk, there is some indication that the TSX is more solid than the bears might have you believe.

Indeed, markets are demonstrably capable of absorbing risk. Uncertainty, when it's specific, quickly

gets baked into markets. For instance, investors were already presuming a recession in 2020, even before the pandemic. But what the markets cannot absorb is surprise.

Brian Porter of **Scotiabank** said this week, "I have often said the role of banking is to act as a shock absorber during times of crisis. That was true in previous times of difficulty and it is certainly true today." The Big Five sacrificed profits for bad loan provision in a rare injection of reality this week. While this may have shocked investors, it signals that banks are positioning themselves to absorb risk.

AQN and CN Rail fit this risk-absorbing market perfectly. They represent strong diversification in areas that are essential to the economy. AQN's 4.5% yield is fed by a broad mix of progressive revenue streams, covered by natural gas, hydroelectric, wind, solar, and thermal power. Match this with CN Rail's de facto play on the Canadian economy's freight dependency, which itself feeds a tasty 2% yield.

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