Finding “Safe” Growth for RRSP Stock Investors

Description

Retirement investors take heart: While pundits might be split over whether the markets are recovering or dancing on the edge of a cliff, some names are stubbornly reliable. Take **CN Rail** (TSX:CNR)(NYSE:CNI), for instance. This key dividend stock packs a reliable 1.8% yield with shockingly low volatility. This is the kind of name that takes a strike in its stride and rises on temporary income loss.

This year saw CN Rail suffer an abysmal second quarter. But despite reporting dire conditions, CN Rail has gained 2.7% in five days of trading. It's also recalling staff to work while putting in an order for 1,500 new grain hopper cars.

As per a press release, these rail cars will “…encourage the economic recovery through job creation in the North American manufacturing sector, and help CN continue to meet the growing needs of grain farmers and grain customers.”

Matching near-term growth with stable stocks

Registered Retirement Savings Plans (RRSPs) need low-risk stocks that nevertheless satisfy certain growth criterion — preferably while generating passive income. For some investors, the benchmark is a 5% dividend yield. Names like **Russel Metals** can easily satisfy a rich-yield RRSP strategy, paying a high 8.6% dividend. Industrials are also especially well-positioned for a post-pandemic rally.

Retirement investors should avoid buying into hype, though. There are simply no low-risk, get-rich-quick options when it comes to stocks. Instead, retirement investors should look to decent yields and good valuations in quality businesses.

Technophobes may therefore feel vindicated by last week's tech stock selloff. **Shopify** was always going to have to course-correct after its early quarantine boost. It's telling, though, that its first major mid-pandemic correction is coming among a broader tech stock selloff.

What's even more telling, though, is that the selloff is happening when the markets are sensing that a vaccine could be on the way.

Keeping up with a shifting investment landscape

Meanwhile, the types of sectors that usually perform well in times of economic stress have proven anything but resilient in 2020. Banking, energy, and even insurance have been performing disastrously year-on-year. This is a shame, as these areas are typically reliable.

Retirement investors should also keep an eye on changes south of the border, with electoral developments likely to roil the markets.

A construction boom may seem less than plausible given the potential for a real estate correction. However, a recovery drive in development projects and infrastructure maintenance could see materials stocks such as Russel Metals and **Norbord** enjoy some growth. Retirees could make use of a sea change in industrials to power up a shorter-term stock portfolio.

Investors seeking higher returns in a shorter period may want a mix of momentum and real-world reliability. Energy offers a fairly rewarding option in this regard. Investors could consider buying shares in **Northland Power** and **Cameco**, for instance.

Both of these stocks could be on the verge of breaking out. Tapping the clean energy trend, Northland and Cameco are key names in renewables and uranium, respectively.

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