RRSP Investors: 2 Great Canadian Stocks to Buy and Hold

Description

If you're one of many procrastinating RRSP investors, now is the time to put your money to work in some of the more compelling value opportunities out there while they still exist. Yes, the stock market is a tad on the pricey side. But one must remember that valuations may be justified in some names, given the low-rate environment we're in.

Warren Buffett's right-hand man Charlie Munger thinks higher multiples are justified with certain plays but warns investors not to "gamble" their money on the numerous frenzies that exist in today's market. He thinks participation in all such activities will be "regrettable." Munger is spot on, as always.

Just because the folks at WallStreetBets are hungry to bid up GameStop stock again doesn't mean RRSP investors need to participate. The same goes with Bitcoin and other sexy cryptocurrencies, which could lose most of their value over a concise time frame.

Don't gamble your RRSP funds!

Your RRSP is for investing. Not speculating or gambling on get-rich-quick types of plays. Remember, to get the most out of compounding with your RRSP; you need to minimize your chances of losing substantial sums of money. While it's tempting to go "YOLO" (you only live once) on certain WallStreetBets stocks, I'd urge investors to ask themselves if a quick double or triple is worth risking your shirt. Charlie Munger certainly doesn't think so — and neither should wise RRSP investors who desire to build meaningful wealth over time.

Now, let's get to the two compelling value opportunities worthy of your RRSP portfolio at these critical market crossroads. Without further ado, consider **Canadian Tire** (TSX:CTC.A) and **Bank of Montreal** (TSX:BMO)(NYSE:BMO), two dirt-cheap stocks in an expensive bargain that can help give RRSP investors a growth edge over the next 5, 10, even 20 years.

Canadian Tire: My top retail pick for hungry RRSP investors

Canadian Tire is an iconic retailer that shocked many, me included, with its incredible resilience through the worst of the COVID-19 pandemic. Shuttered malls did not bode well for the firm’s mall-based banners, but the e-commerce platform helped keep the firm’s head above water as the waves became rough.

To this day, the company has a rock-solid balance sheet, and its e-commerce presence continues to flex its muscles. While the stock has soared to new heights, there’s ample value to be had in the retailer than few gave it the credit it deserved when shares imploded last February.

Canadian Tire has staying power, and its 2.8%-yielding dividend is poised to grow at an above-average annualized rate over time. Take notice, RRSP investors!

Bank of Montreal: Big blue is back — and it’s a buy

Bank of Montreal and its Big Five banking peers are back. They’ve mostly (if not fully) recovered from the 2020 stock market crash, and they’re about to hit new highs, probably sooner rather than later. It’s been years that the banks were stuck in a rare credit downturn. The COVID-19 pandemic only served to exacerbate the banks’ struggles, especially BMO, which shed nearly 50% in last year’s market meltdown, thanks to its large oil and gas (O&G) loan book.

Everything is recovering in a big way. And with commodities leading the way ahead of the roaring 20s, I think BMO is the go-to dividend stock to bet on as we inch closer to a rising-rate environment, which may be in the cards over the next five years.

BMO shares sport a 4% yield for RRSP investors right here, with the stock just a few cents away from hitting all-time highs.

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2. TSX:BMO (Bank Of Montreal)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)

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