



RRSP Investors: 2 Top Canadian Stocks to Buy in April 2021

Description

Canadian savers who make regular RRSP contributions during the year are wondering where they can invest new funds this month.

Stock markets sit at record levels, but some buy-and-hold stocks still appear attractive for RRSP portfolios.

Why Nutrien is a top RRSP stock

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) is the world's largest producer of potash. The company also supplies global farmers with nitrogen and phosphate. The three crop nutrients help growers get better yields from their fields.

This is important in a world where urban sprawl continues to eat up farmland and population growth is expected to add an extra two billion people in the next 30 years.

Nutrien and its predecessors had a rough ride for several years amid weak commodity prices. The cycle appears to be on the upswing and could deliver strong price increases as demand rises. Nutrien raised the dividend when it reported [Q4 2020 results](#). The new annualized payout of US\$1.84 per share provides a yield of 3.4% at the time of writing.

Nutrien also intends to buy back up to 5% of the outstanding common stock over the course of the next 12 months. This suggests the board has a positive outlook for revenue and free cash flow in 2021.

Nutrien generated US\$1.8 billion in free cash flow last year. High crop prices around the globe should drive higher planted acreage this spring. Nutrien expects farmers in the United States to expand crop acreage by 10 million acres in 2021.

Potash shipments hit a record in 2020 and Nutrien predicts 2021 will match or exceed that level. Potash prices rose considerably through the back half of last year and the momentum continued into the first part of 2021, so the Q1 results should be solid.

While Nutrien trades for \$69 per share compared to the 2020 low around \$40, more upside is likely on the way. The next few years could see fertilizer prices soar. In that scenario, Nutrien has the potential to be a free-cash flow machine. That's great news for RRSP investors.

Telus looks attractive today

Telus ([TSX:T](#))([NYSE:TU](#)) recently announced a \$1.3 billion share sale to raise funds needed to build out its [5G network](#). Telus only had to provide a 3.4% discount to get the deal done, despite the large offering. This shows the market has confidence in the company's ability to grow the business in the coming years.

In February, Telus spun off **Telus International** through the largest ever tech Initial Public Offering (IPO) on the **TSX Index**. The initial market capitalization of \$8.5 billion for the division topped the total valuation of Telus in 2000. Telus has other groups, including Telus Health, that could see the same success in the coming years. At the moment, the market might not fully appreciate the potential value.

The stock trades near \$25.75 per share at the time of writing and offers a solid 4.8% dividend yield. Investors should see the distribution continue to increase at a steady pace.

The emergence of 5G provides Telus and its peers with opportunities to create new revenue streams. Security and monitoring services should expand in the coming years and Telus remains a key player in the mobile, internet, and TV segments of the Canadian market.

The bottom line on RRSP investing

RRSP investments tend to be buy-and-hold picks. Nutrien and Telus certainly meet the criteria for businesses that should deliver steady long-term returns for RRSP investors.

If you have some cash in the RRSP account, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
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2. NYSE:TU (TELUS)
3. TSX:NTR (Nutrien)
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