



Got \$5,000 to Invest? 2 Top TSX Stocks for RRSP Growth

Description

Canadian investors are searching for top **TSX** stocks to add to their RRSP portfolios. The overall market looks expensive, but some leading stocks appear [undervalued](#) right now.

Nutrien

Nutrien reported strong [Q1 2021 results](#), and more good news should be on the way for investors.

The company's adjusted EBITDA jumped 59% to US\$806 million. On the wholesale side, potash, nitrogen, and phosphate profits increased on improved demand and higher prices.

Nutrien's retail division, which sells seed and crop protection products, continues to grow through strategic acquisitions and increased market share. Nutrien's digital platform is gaining traction, as customers use the solutions to improve efficiency in their operations.

Crop prices soared in the past year, and the strong trend looks set to continue. Potash expects U.S. grower margins for corn, soybeans, wheat, and cotton to rise meaningfully in 2021. That should boost spending on crop nutrients and lead to more acreage being planted.

Farmers in Canada, Brazil, and Australia are also expected to see margins surge.

Nutrien recently raised the dividend, and more hikes should be on the way. The company plans to increase potash production in the second half of 2021 to meet rising demand and take advantage of higher prices.

Commodity prices are on an upward trend after several weak years. When times are good, Nutrien has the potential to be a profit machine.

The stock is down to \$73 from close to \$79 a few weeks ago. Investors should take advantage of the dip to add to their holdings or start new positions in their RRSPs. It wouldn't be a surprise to see the stock hit \$100 by the end of 2022.

Algonquin Power

Algonquin Power ([TSX:AQN](#))([NYSE:AQN](#)) is a growing player in the renewable energy and utility industries with \$15 billion in total assets. The renewable energy group includes wind, solar, hydroelectric, and geothermal power production. The regulated utilities provide water, natural gas, and electricity to homes and businesses.

The company grows through strategic acquisitions and organic projects. The board raised the dividend by 10% when the company announced Q1 2021 results. Algonquin Power has increased the dividend by at least 10% every year for the past decade.

Revenue rose 36% to US\$634.5 million in the quarter, compared to Q1 2020. Adjusted net earnings increased 21%.

Going forward, Algonquin Power has US\$9.4 billion in identified projects through 2025 to drive further rate base growth. The company just announced plans to raise roughly US\$1 billion through an equity sale. Algonquin Power plans to use the funds to finance its development portfolio.

The stock trades near \$18.75 per share on the TSX at the time of writing. That's down from the 2021 high around \$22.50, so investors have a chance to pick up the shares on a bit of a dip. The current dividend provides a 4.4% yield.

Algonquin Power could become a takeover target in the next few years, as larger utility companies and alternative asset managers search for [ESG](#) deals.

The bottom line for RRSP investors

Nutrien and Algonquin Power are strong companies that should deliver attractive total returns for buy-and-hold RRSP investors. The stocks appear cheap today and pay decent dividends.

CATEGORY

1. Investing

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2. NYSE:NTR (Nutrien)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:NTR (Nutrien)

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