



2 Top Canadian Stocks to Buy for Your RRSP

Description

If you're searching for top Canadian stocks to buy for your RRSP, you've come to the right place! The Canadian stock market is on the expensive side, but there are still quality businesses trading at good valuations.

Best stocks for investing in an RRSP

The top Canadian stocks for your RRSP are none other than those with great long-term growth prospects. In most cases, your RRSP fund will be locked in until retirement. This provides a long time, perhaps decades until the funds will be taken out at minimum withdrawals and taxed at your marginal tax rate. Since your RRSP withdrawals are tax-deferred until that time, you want to grow it as much as possible.

Seek businesses that have leading positions in their industries, earnings power, strong free cash flow generation, and a tendency to return value to shareholders via growing dividends. This often leads to a persistently growing stock price over the long haul.

Canadian National Railway

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#)) is a leading class I railroad in North America that has been increasing its dividend for 25 consecutive years. Its 10-year dividend growth rate of 15.6% is nothing short of amazing. Investors who initially earned \$1,000 of dividends from the growth stock would now earn about \$4,261! Its 10-year total rate of return of about 15.4% aligns with that dividend growth rate as well.

It's one of the most efficiently operated North American railroads, transporting a wide variety of products, including automotive, coal, fertilizer, grain, food and beverages, forest products, metals and minerals, petroleum and chemicals, etc. Its tracks span about 32,831km, connecting Canada and Mid-America, servicing three coasts: the Atlantic, the Pacific, and the Gulf of Mexico.

The growth stock fell as much as approximately 25% from peak to trough during the pandemic market crash last year. However, it recovered most of its losses in a month and almost all of its losses in three months, which demonstrated its stock quality.

[CN Rail stock](#) is currently depressed because of the uncertainty revolving around the **Kansas City Southern** acquisition. This could be a good entry point to buy some shares for your RRSP retirement account for long-term growth.

In the most recent quarter, management guided for adjusted earnings-per-share growth of at least 10% and substantial free cash flow generation of at least \$3 billion.

TMX Group

TMX Group ([TSX:X](#)) is another quality company. It has been expanding its capabilities and diversifying its operations via acquisitions. It is the owner of the **Toronto Stock Exchange** and the **TSX Venture Exchange**.

Its 2020 revenue is diversified as follows: it brings in 37% from global solutions, insights, and analytics, 26% from equities and fixed income trading and clearing, 22% from capital formation, and 15% from derivatives trading and clearing.

The global solutions, insights, and analytics business segment provides real-time equity and derivative market data, as well as historical market data. The capital formation segment includes revenues from helping corporate clients raise capital from the TSX and TSXV.

TMX is a relatively young dividend-growth stock that just achieved its status as a Canadian Dividend Aristocrat. It has raised its dividend for five consecutive years with a dividend growth rate of 11.2%. Its 10% dividend increase in May marked the sixth year of dividend increases.

The Foolish takeaway

Both CN Rail and TMX Group are [Canadian growth stocks](#) that are reasonably valued for those seeking long-term growth potential in their RRSP retirement account.

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2. Stocks for Beginners

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2. TSX:CNR (Canadian National Railway Company)
3. TSX:X (TMX Group)

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