



3 Top TSX Stocks for RRSP Investors

Description

Canadian savers are searching for the best stocks in the **TSX Index** to add to their self-directed RRSP portfolios.

CN

CN ([TSX:CNR](#))([NYSE:CNI](#)) operates a rail network that connects ports on the Pacific and Atlantic in Canada to the Gulf Coast in the United States. This is unique in the North American rail industry and gives the company a wide competitive moat.

CN's share price is starting to rebound after a pullback due to its efforts to buy U.S.-based **Kansas City Southern**. Pundits are starting to realize that CN's share price looks cheap regardless of whether regulators allow the deal to proceed. The company should benefit from a strong post-pandemic economic recovery and generates solid free cash flow to support future dividend hikes.

A \$10,000 RRSP investment in CN stock 20 years ago would be worth about \$170,000 today with the dividends reinvested.

Royal Bank

Royal Bank ([TSX:RY](#))([NYSE:RY](#)) is a giant in the TSX Index with a [market capitalization](#) of \$187 billion. The company also ranks among the top 15 banks in the world based on this metric.

Royal Bank is an earnings machine, even during the challenging conditions of the pandemic. The bank generated fiscal [Q3 2021](#) net income of \$4.3 billion — an increase of \$1.1 billion, or 34%, over the same period last year.

Return on equity came in at a solid 19.6%, and the bank finished the quarter with a CET1 ratio of 13.6%. This reflects the capital position the bank has to cover defaults. Royal Bank set aside billions of dollars of extra funds last year in preparation for a potential wave of loan losses. Government aid

programs for businesses and homeowners have prevented the worst-case scenario, and Royal Bank now has significant excess funds to spend on acquisitions, share buybacks, and dividend increases.

The stock isn't cheap right now, but Royal Bank deserves to be an anchor position in any RRSP fund. A \$10,000 investment in Royal Bank 20 years ago would be worth \$100,000 today with the dividends reinvested.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a power generation, electric transmission, and natural gas distribution utility with assets located in Canada, the United States, and the Caribbean.

Nearly all of the revenue comes from regulated businesses, making cash flow very reliable. The services are needed regardless of the economic environment, so Fortis tends to be a good defensive stock to own to ride out market pullbacks.

The company has a \$19.6 billion capital program in place that is expected to boost the rate base by \$10 billion through 2025. Fortis says it plans to raise the dividend by an average annual rate of 6% over that timeframe, giving investors good guidance on payout growth. The board raised the distribution in each of the past 47 years.

Fortis also grows through acquisitions and has a solid track record of doing successful deals that add value to the overall asset portfolio.

The current dividend provides a yield of 3.5%. That's much better than any GIC rate these days and you have solid dividend growth on the horizon.

A \$10,000 investment in Fortis 20 years ago would be worth about \$115,000 today with the dividends reinvested.

The bottom line on RRSP investing

CN, Royal Bank, and Fortis are all top TSX stocks to consider for a self-directed RRSP portfolio. An equal investment across the three stocks would be a good start to building a diversified retirement fund.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:FTS (Fortis Inc.)
6. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. aswalker
2. kduncombe

Category

1. Investing
2. Stocks for Beginners

Date

2025/09/10

Date Created

2021/09/01

Author

aswalker

default watermark

default watermark