



1 Top Canadian Stock to Start Your RRSP Wealth Fund

Description

Retirement investors are on the hunt for top stocks to start a new RRSP portfolio or add to their existing self-directed RRSP wealth fund.

Market outlook

The **TSX Index** is arguably overbought right now with the market pricing in strong future earnings on the anticipation of a robust economic recovery in 2022 and even 2023. That might pan out to be the case, but a few speed bumps could be on the way.

Health experts say the fourth wave of COVID-19 driven by the Delta variant might force new lockdown measures if vaccination rates don't improve. This would be a disaster, but hopefully things won't get that bad.

Another potential threat to the economic recovery is rising inflation. The Bank of Canada is comfortable keeping rates low, even with inflation above its target range of 1-3%, but persistently high inflation through the first half of 2022 could force the central bank to increase interest rates faster than expected and by larger amounts. In that scenario, highly leveraged businesses and homeowners could find themselves unable to cover payments caused by the jump in rates.

Canada's housing market is a large driver of direct and indirect economic activity. If house prices tank, and spending on renovations and upgrades hits a wall, the economy and the stock market could be in for a rough ride.

With this thought in mind, it might make sense for RRSP investors to search for top-quality [dividend stocks](#) that provide essential services in any economic situation. Those that offer decent dividend-growth guidance supported by reliable revenue forecasts deserve to be on your radar.

A reasonable stock price and a generous dividend yield would also be helpful. If the market corrects in a meaningful way, the big dividend at least pays you well until the market rebounds.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) has more than \$100 billion in energy infrastructure and power-generation [assets](#) in Canada, the United States, and Mexico. The company's core business focus is natural gas transmission and storage, with 93,000 km of gas pipelines and 653 billion cubic feet of storage capacity. Natural gas is used as a fuel source to generate power at major facilities, heats water, and keeps buildings warm in commercial and residential applications.

Governments around the globe see natural gas as the preferred option for the transition from coal-fired and oil-fired power production to reliable renewable energy. Canada and the United States are home to vast natural gas resources and the two countries have the potential to be key suppliers of liquified natural gas (LNG) to international markets. TC Energy's strategic infrastructure makes it a key player in moving natural gas from producers to domestic distributors or LNG facilities.

The \$21 billion capital program should support steady revenue and cash flow growth. TC Energy intends to boost the dividend by at least 5% annually for the next few years. The stock appears cheap near the current price of \$60. TC Energy traded at \$75 before the pandemic. Investors who buy at the time of writing can pick up solid 5.75% yield.

The bottom line on top RRSP stocks

TC Energy looks like a good RRSP pick in the current environment. The company owns a unique network of energy infrastructure assets that should generate reliable income in any economic situation. Natural gas has a bright future, and TC Energy is large enough it can make meaningful acquisitions to drive growth on top of organic projects.

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2. Investing

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