



RRSP: 2 Top TSX Stocks to Start a Retirement Portfolio

Description

Young Canadian investors are searching for top TSX stocks to start their RRSP fund.

Retirement planning is increasingly done through self-directed [online brokerage](#) accounts to save costs on fees. Investors can easily put together a portfolio of top stocks to help them meet their financial goals.

CN

CN ([TSX:CNR](#))([NYSE:CNI](#)) is a leader in the North American rail industry. The railway is the only firm in the sector with tracks that connect ports on three coasts. This is an important advantage for CN that should ensure it continues to deliver solid long-term returns.

The company is key to the smooth functioning of the Canadian and U.S. economies. CN transports grain, forestry products, crude oil, cars, fertilizer, and finished goods, among other things. Revenue is generated in both Canadian and U.S. dollars, providing a nice balance when currency markets fluctuate.

CN invests billions of dollars each year in network upgrades and on the purchase of new locomotives and rail cars to make sure it can meet growing demand for its services.

The company recently ended its efforts to buy a smaller U.S. railway. The deal would have added routes in Mexico but also threatened to reduce dividend increases and halt share buybacks. Now that CN doesn't have to take on a big chunk of new debt to pay for an acquisition, share buybacks are back in play, and investors should see a big dividend increase in 2022.

The stock has provided long-term holders with great returns. A \$10,000 investment in CN just 20 years ago would be worth about \$200,000 today with the dividends reinvested.

Royal Bank of Canada

Royal Bank ([TSX:RY](#))([NYSE:RY](#)) is a giant in the Canadian financial industry with a current [market capitalization](#) of \$180 billion. The company is also among the top 15 globally based on that metric.

Royal Bank is investing heavily in its digital solutions to address changing habits among its customers who prefer to do much of their banking through their mobile phones, tablets, or computers. The bank remains very profitable, and its size gives it the firepower to make large strategic acquisitions to boost growth.

Royal Bank is sitting on significant excess cash it built up to ride out the pandemic. Defaults on loans have not been as bad as feared, and the housing market has soared in the past year compared to the predicted decline in sales and prices.

Royal Bank still faces some loan risks, especially as government aid programs end for businesses and unemployed homeowners, but the losses should be easy to manage.

Investors could see a big dividend increase as soon as the banks are allowed to restart payouts hikes. Share buybacks and an acquisition might also be on the way.

As with CN, Royal Bank has traditionally been a good buy-and-hold stock for a retirement portfolio. A \$10,000 investment in Royal Bank 25 years ago would be worth nearly \$300,000 today with the dividends reinvested.

The bottom line on RRSP investing

There is no guarantee that CN and Royal Bank will deliver the same returns in the next 20 or 25 years, but the stocks remain attractive for RRSP investors, and the strategy of owning industry leaders with strong profit growth and rising dividends is a proven one for building retirement wealth.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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