



## 2 Top TSX Stocks to Buy Now for a Self-Directed RRSP

### Description

The [RRSP](#) deadline for 2022 is March 1. Investors who have some cash to contribute to their self-directed retirement plan are wondering which stocks might be best to buy right now to help them build RRSP wealth.

### Bank of Montreal

**Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) reported strong earnings in fiscal 2021, and the good times look set to continue in 2022 and beyond.

Management recently announced a large acquisition in the United States that will enhance BMO's established U.S. business and take advantage of economic growth south of the border. The US\$16.3 billion purchase of Bank of the West will add 1.8 million customers with a heavy focus on California.

Bank of Montreal raised its dividend by 25% when it announced the Q4 2021 results. The bank has given investors a dividend payment every year since 1829.

Interest rates are expected to increase in the United States and Canada in 2022 and 2023. This should drive up net interest margins for Bank of Montreal and boost earnings.

The current dividend provides a 3.6% yield.

### Canadian National Railway

**CN** ([TSX:CNR](#))([NYSE:CNI](#)) is an important part of the smooth operations of the U.S. and Canadian economies. The company is the only North American railway with tracks that connect three coasts. This is an important competitive advantage for CN when sourcing business from domestic and international customers.

CN provides transport services across a number of segments that includes automotive, coal, crude oil,

fertilizer, forestry and finished goods. When one group has a rough quarter, the others tend to pick up the slack.

CN had a challenging 2021 due to its failed attempt to buy Kansas City Southern, a smaller U.S. railway. Looking ahead, CN is in a good position to deliver strong returns for investors in 2022 and the coming years. The company just announced a new CEO and has settled a dispute with a major shareholder, so the executive team can now focus on making the business more efficient and drive up profits.

Management announced a 19% dividend increase for 2022 and CN plans to buy back 6.8% of its stock under the new share-repurchase plan.

CN trades near \$156 per share at the time of writing compared to a 12-month high of \$168, so investors have a chance to buy the stock on a decent pullback. Buying dips in CNR stock has historically proven to be a profitable move for RRSP investors who intend to hold their positions for the long haul.

A 10,000 investment in CN stock 25 years ago would be worth more than \$525,000 today with the dividends reinvested.

## The bottom line on top stocks to buy for RRSP investors

Bank of Montreal and CN are top companies with long track records of dividend growth supported by rising revenue and higher profits. The businesses should perform well in the coming years, and the stocks appear reasonable at their current prices.

If you have some cash to put to work in a self-directed RRSP, these stocks deserve to be on your radar right now.

### CATEGORY

1. Investing

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3. TSX:BMO (Bank Of Montreal)
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