



2 Oversold TSX Stocks to Buy for a Self-Directed RRSP

Description

The recent market rout is tough to watch for investors with existing [retirement](#) portfolios, but RRSP investments tend to be buy-and-hold positions, and dips give investors opportunities to put new money to work in top TSX stocks.

Royal Bank

Royal Bank ([TSX:RY](#))([NYSE:RY](#)) generated \$16 billion in profits in fiscal 2021. The bank is the largest financial institution in Canada with a [market capitalization](#) of \$184 billion and is ranked among the top 10 on the planet based on that metric.

Royal Bank is investing heavily in digital solutions to ensure it remains competitive in a rapidly evolving market where mobile banking and alternative payment systems are changing the way people borrow, spend, and invest money.

Royal Bank has a balanced revenue stream that comes from personal banking, commercial banking, insurance, wealth management, investor and treasury services, and capital markets activities. Management recently announced a \$2.6 billion acquisition in the United Kingdom to boost the wealth management presence in that market. Royal Bank spent US\$5 billion on an American acquisition a few years ago, and it wouldn't be a surprise to see the bank use its large cash hoard to make another move south of the border, especially after recent deals in the U.S. announced by two of its Canadian peers.

Royal Bank raised the dividend by 11% for fiscal 2022. The bank is also buying back shares under a new repurchase program. At the time writing, the dividend provides a 3.7% yield.

The stock trades near \$129.50 at the time of writing compared to \$149.50 earlier this year. Buying Royal bank shares on a dip has historically proven to be a profitable move over the long haul.

Canadian National Railway

CN ([TSX:CNR](#))([NYSE:CNI](#)) is a leader in the North American rail industry with a unique network of tracks that connects the Atlantic and Pacific coasts of Canada with the Gulf Coast in the United States. The company generates revenue in both U.S. and Canadian dollars, so investors get good access to U.S. economic growth through a top Canadian company.

CN plays an essential role in the smooth operation of the North American economy, moving cargo that ranges from forestry, cars, coal, and crude oil to grain, fertilizer, and finished goods. The distractions that hurt the share price last year are now sorted out, and CN is focused on delivering strong total returns to shareholders.

The board raised the dividend by 19% for 2022, and CN is buying back up to 6.8% of its outstanding stock under the current 12-month repurchase plan.

The share price appears undervalued near \$150 today. CN traded for \$170 per share at the end of March. As with Royal Bank, CN tends to be an attractive stock to buy when the share price pulls back.

The bottom line on top stocks for RRSP investors

Royal Bank and CN are industry leaders with strong businesses that should deliver attractive total returns for patient RRSP investors. If you have some cash to put to work in a self-directed RRSP, these stocks deserve to be on your radar.

CATEGORY

1. Investing

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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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