New Investors: 2 Canadian Stocks to Start an RRSP

### Description

Your RRSP should be for your best long-term investment ideas. Whether you're looking to capitalize on a long-term secular trend or buy stocks amid historic market corrections, your RRSP is a great tool that can help you build substantial wealth over the course of decades.



Indeed, it can be tempting to speculate with your RRSP funds by chasing momentum stocks that are hard to value. For others, it's easier to merely store RRSP funds in a savings account or keep it in low-risk investments like bonds or GICs. Undoubtedly, we're in a volatile time, with stocks that are in bear market territory, with the potential to get worse as recession looms.

## Great bargain plays for new RRSP investors

Still, new investors should commit to investing in the equity markets over the long haul. At the end of the day, it's the best asset class to own for extremely long periods of time. So, rather than looking to time your entry or exit based on economic forecasts, consider nibbling away at stocks on your radar that are at a decent price.

Currently, **MTY Food Group** (TSX:MTY) and **CAE** (TSX:CAE)(NYSE:CAE) stand out as intriguing bargain buys for RRSP investors looking to make it through another volatile year.

## MTY Food Group

MTY Food Group is a little-known Canadian firm that many investors may be unfamiliar with. It's essentially the owner and operator causal dining firms. I like to view it as the king of the Canadian food court, with over 70 intriguing brand names under the MTY umbrella.

The stock took a big hit back in 2020 before posting a full recovery that eventually ended in a bear market pullback. Shares are down around 30% from their 52-week highs over lingering recession fears and the potential impact on consumers. As you may know, less consumer spending means less money spent at the food courts.

At writing, shares of MTY Food Group trade at 13.6 times trailing earnings to go with a 1.72% dividend yield. That's pretty cheap, assuming a modest economic slowdown is in the cards for 2023. If a recession does hit, MTY could retest the $30 level not seen since 2020.

In any case, I'm a fan of the risk/reward scenario in the promising $1.2 billion mid-cap stock.

# CAE

CAE is another Canadian company that's seen its COVID recovery come to a crashing halt, with the stock now off 28% since briefly touching its pre-pandemic high. For those unfamiliar with CAE, it's a simulation technology company that primarily serves those in the airlines, defence, and health industries.

Undoubtedly, COVID has weighed on global air travel demand. Just as it was about to recover to pre-pandemic levels, recession fears are lingering. Eventually, the air travel industry will get back on the right track, and the many out-of-practice pilots will need to get updated with CAE's simulation technologies.



The $9.5 billion company faces challenges in civil aviation. However, defence should help keep the turbulence steady versus the likes of an airline over the coming quarters.

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joefrenette