



Should BCE Inc. or Canadian Imperial Bank of Commerce Be in Your RRSP?

Description

Canadian savers are looking for top dividend stocks to put in their RRSP accounts.

Let's take a look at **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) and **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) to see if one is a better pick right now.

BCE

BCE has changed significantly in recent years.

The old telephone company has made several acquisitions in the media and retail sectors and now counts sports teams, a television network, specialty channels, radio stations, and handset stores among its holdings.

Long-term shareholders were a bit nervous when BCE embarked on the strategy shift, but the move has helped strengthen the company's dominant position in the Canadian communications sector.

In fact, when you combine the media and retail assets with the state-of-the-art wireline and wireless network infrastructure, you get a formidable business.

Think about it.

Every time a Canadian sends a text, downloads a movie, listens to a song, watches a newscast, or checks e-mail, the odds are pretty good that BCE is involved somewhere along the line.

BCE continues to extend its reach across the country with the current bid to buy **Manitoba Telecom Services**. Assuming the deal goes through, the acquisition will give BCE a strong base to push further west into markets dominated by **Telus** and **Shaw**.

The stock has enjoyed a nice run this year, but investors can still pick up a yield of 4.4%.

CIBC

Investors often overlook CIBC in favour of its larger peers, but the company probably deserves more respect.

The knock against CIBC is the fact that it is too reliant on Canada for its revenue and earnings, but the recent announcement of a major acquisition should help balance out the revenue stream.

What's going on?

CIBC is buying **PrivateBancorp Inc.**, a Chicago-based commercial bank, for US\$3.8 billion. The deal gives CIBC's Canadian clients access to U.S. banking services and provides a nice complement to the company's American wealth management business, Atlantic Trust.

Are there some risks?

CIBC has greater exposure to the Canadian energy and housing sectors than its peers. Most of the big banks say the worst is over for oil and gas companies, and CIBC says it can ride out a 30% drop in house prices. The bank is well capitalized, so investors shouldn't be too concerned, unless things really get ugly.

CIBC pays a quarterly dividend of \$1.21 per share for a yield of 4.7%.

Which one is a better bet?

Both stocks are solid long-term RRSP holdings.

Earlier in the year, I would have picked CIBC over BCE, but the bank has rallied significantly in recent months on reduced concerns about energy exposure. At this point, it's probably a coin toss between the two names.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. TSX:BCE (BCE Inc.)
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