

Dividend Investors: 2 Oversold Stocks to Stick in Your RRSP Right Now

Description

Canadian investors are searching for top dividend stocks to put in their [RRSP](#) portfolios, and the recent pullback in equity markets is giving savers a chance to pick up some of the country's best companies at reasonable prices.

Let's take a look at **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) and **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) to see why they might be interesting choices.

TransCanada

TransCanada just reported solid 2017 results, aided by approximately \$5 billion in new developments that went into service during the year. The company generated comparable earnings of \$2.7 billion, or \$3.09 per share, compared to \$2.1 billion, or \$2.78 per share, in 2016.

Looking ahead, TransCanada is working its way through \$23 billion in near-term capital projects that should be completed through 2021, including the recently announced \$2.4 billion NGTL System expansion.

As a result, management sees earnings and cash flow increasing enough to support annual dividend growth of at least 8% over this time frame.

Beyond 2021, TransCanada has an additional \$20 billion in projects on the drawing board. If these developments go through, investors could see an upward revision to the dividend-growth guidance.

TransCanada's stock price is down over the past 12 months, amid a pullback in the broader [pipeline](#) sector. At the time of writing, investors can pick the shares up for \$57.60 and secure a 4.8% yield.

BCE

BCE had a busy 2017 with two acquisitions and the launch of a new business unit.

The company bought Manitoba Telecom Services in a deal that bumped BCE into top spot in the Manitoba market and gave the company a strong base in central Canada.

Later in the year, BCE announced an agreement to acquire home security company AlarmForce. The deal closed in January, and BCE's huge portfolio of residential clients in Manitoba, Ontario, Quebec and the Atlantic provinces should start to see packaged offerings in the coming months.

BCE generates adequate free cash flow to support its generous dividend, which recently increased by 5%.

Investors are somewhat concerned that rising interest rates could trigger a large flow of funds out of BCE and other dividend stocks that attracted yield seekers in recent years.

A switch of some money to fixed-income alternatives should be expected, but the pullback in BCE's stock over the past two months might be overdone.

The shares currently trade near a 52-week low, providing an opportunity to pick up a solid 5.4% yield.

Is one more attractive?

Both companies should be steady buy-and-hold picks for a dividend-focused RRSP. At this point, I would probably split a new investment between the two stocks.

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