RRSP Investors: 3 TSX Index Dividend Stocks to Help Build a Substantial Retirement Portfolio

Description

Are you searching for top dividend stocks to add to your self-directed RRSP portfolio?

The RRSP contribution deadline is almost here, and many investors are topping up their RRSP accounts to lower their 2018 taxable income.

Let's take a look at three stocks that might be interesting buys right now for a dividend-focused retirement fund.

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ)

Energy stocks have had a rough run in recent times, and many of the pure-play producers should be avoided due to their troubled balance sheets. A few companies, however, are in good shape and have the scale and financial firepower to take advantage of strategic opportunities in the sector.

CNRL is one of these names. The company is often cited as having the best asset portfolio in the Canadian energy sector, including oil sands, conventional oil, natural gas, natural gas liquids, as well as offshore oil operations. Management does a good job of allocating capital to maximize returns according to shifts in the market, and the results are showing up in the numbers.

CNRL generated $950 million in free cash flow in Q3 2018 and $3.15 billion in the first nine months of the year. The Q4 numbers might show the impact of falling oil prices though the end of 2018, but the full-year results should still be solid.

CNRL raised its dividend by 22.5% in 2018, and another generous increase should be on the way in 2019. In addition, the company has an aggressive share-buyback program and continues to pay down debt.

The pullback from the 2018 highs appears overdone, and investors who buy today can pick up a yield of 3.8%.

Nutrien (TSX:NTR)(NYSE:NTR)

Nutrien just reported strong results for Q4 2018, and the good times should continue in 2019 and beyond.

Record potash shipments at higher prices helped push potash EBITDA up 59% compared to Q4 2017. Nitrogen EBITDA rose 63%. For the full year, Nutrien generated US$2.69 in adjusted earnings per share and US$2 billion in free cash flow.

Management raised the dividend by 7.5% for 2019 and has increased the number of shares it intends to repurchase over the next 12 months. Adjusted net earnings for 2019 are expected to be US$2.80-3.20 per share, so the company anticipates a strong year.

The stock is off the 2018 lows but still appears reasonably priced and provides a solid dividend yield of 3.2%.

BCE (TSX:BCE)(NYSE:BCE)

BCE reported Q4 2018 earnings that came in ahead of analyst expectations. The company continues to invest in the rollout of its fibre-to-the-premises services, and this should help protect its customer base. The business is adding new TV, internet, and mobile clients at a steady rate, and management is targeting healthy earnings and free cash flow growth in 2019.

BCE just increased the dividend by 5% for 2019. The payout should be rock solid and provides a yield of 5.5%.

The bottom line

CNRL, Nutrien, and BCE are all leaders in their sectors and should be solid buy-and-hold picks for a dividend-focused RRSP portfolio.

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