



3 TSX Index Dividend Stocks to Diversify Your RRSP

Description

Canadian savers are searching for ways to set up a balanced Registered Retirement Savings Plan (RRSP).

One strategy involves owning [top dividend stocks](#) coming from a number of different industries. This helps protect the portfolio in the event one sector hits a rough patch.

Let's take a look at three companies that might be interesting picks today to get your RRSP fund started.

Suncor Energy ([TSX:SU](#))([NYSE:SU](#))

Suncor raised its quarterly dividend from \$0.36 to \$0.42 per share for 2019. That's nearly a 17% hike in the payout. The company is also spending an additional \$2 billion on share buybacks under the current NCIB. For investors, these decisions are important, as they indicate a strong comfort level on the part of management that cash flow is expected to be robust over the medium term, and that the stock might be somewhat undervalued.

Suncor's refining and retail operations can do well when oil prices drop, as they benefit from reduced input costs. This provides a hedge against a dip in margins on the production assets. WTI, Brent, and WCS prices have improved this year, and any extension of the recovery should result in new interest flowing into the energy sector.

Suncor has a strong balance sheet, so it can ride out downturns. In fact, tough times in the oil patch tend to present great opportunities for Suncor to add strategic assets at cheap prices.

The stock trades at \$43.80 per share today, which is well off the 2018 high near \$55. Investors who buy now can pick up a 3.8% yield.

Sun Life Financial ([TSX:SLF](#))([NYSE:SLF](#))

Sun Life is best known for its insurance and wealth management operations in Canada and the United States, but the Asia pillar is probably the most interesting for RRSP investors. Sun Life has established operations or partnerships in a number of key Asian markets including India, China, Indonesia, Vietnam, and the Philippines. As middle-class wealth expands in these heavily populated countries, demand should increase for insurance and investment products.

Sun Life is also building its new asset management group with an eye on real estate opportunities located around the globe.

The company carries less risk than it did before the financial crisis, and investors should see steady income and dividend growth over the next few decades. The existing dividend provides a [yield](#) of 3.9%.

Waste Connections ([TSX:WCN](#))([NYSE:WCN](#))

Waste Connections is in the garbage and recycling business, providing collection, transfer, and disposal services. The company operates in Canada and the United States and continues to grow through acquisitions. The trend is expected to continue amid ongoing consolidation in the waste industry, and investors should see steady benefits. Waste Connections generates significant free cash flow and raised the dividend by 14% for 2019.

If you are searching for a buy-and-forget stock for your RRSP, Waste Connections should be on your radar.

The bottom line

Suncor, Sun Life, and Waste Connections are all solid companies that should be attractive picks for a diversified RRSP portfolio.

CATEGORY

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