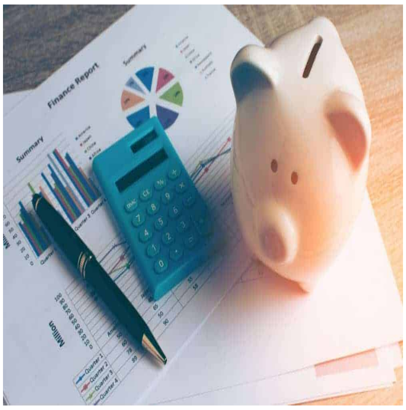

2 Top TSX Stocks to Buy in November for a Self-Directed RRSP

Description

Canadian savers are searching for top TSX stocks to add to their self-directed RRSP portfolios. The broader market looks overbought, but some buy-and-hold stocks still trade at attractive prices.

Toronto-Dominion Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) now has a market capitalization of $170 billion. The stock trades near a record high at the time of writing, but at 11 times trailing 12-month earnings, TD is not expensive.

TD reported solid results for fiscal Q3 2021, and the Q4 numbers should be strong when they are announced December 2, 2021. Canada’s second-largest bank reported fiscal Q3 adjusted net income of $3.6 billion compared to $2.3 billion in the same period last year.

For the nine months ending July 31, TD generated adjusted net income of $10.8 billion compared to $7 billion in 2020.

Pandemic aid from the Canadian and U.S. governments helped millions of businesses and homeowners make their loan payments through the lockdown periods. This avoided the worst-case scenario for the banks. Now that the economy is reopening and employment levels are bouncing back, TD has started to reverse some of the provisions for credit losses it made in 2020.

A roaring housing market has helped support strong profits. Looking ahead to 2022 and beyond, rising interest rates might trigger a slowdown in home purchases, but they should also drive higher net interest margins and boost returns on cash set aside to cover deposits.

TD will likely give investors a big dividend increase when it announces the fiscal Q4 2021 results. A payout hike of at least 20% wouldn’t be a surprise.

Leading up to the pandemic, TD had a compound average annual dividend-growth rate of better than 10%.

Telus

Telus (TSX:T)(NYSE:TU) is investing heavily to build out its 5G network and convert wireline customers from legacy copper lines to new fibre optic connections. The communications provider spent more than $1.9 billion on 3500 MHz spectrum in 2021 that will be the foundation for the expansion of 5G services.

Telus delivered solid Q3 2021 earnings on record customer additions and continued low turnover in its postpaid mobile segment. The board raised the dividend by 5.2% for 2022, extending a long streak of dividend hikes. In fact, Telus has raised the payout 21 times since 2011.

Telus is different from its peers in that it decided to avoid buying media assets in favour of investing in digital opportunities that have the potential to become large contributors to revenue and cash flow in the coming years. Telus Health is already a leader in the Canadian sector providing digital health solutions to medical professionals, insurance companies, and hospitals. Telus Agriculture is also growing. The business gives farmers digital solutions to make their businesses more efficient.

Revenue at the two subsidiaries is on track to rise double digits in 2021 compared to last year.

Telus is a good defensive stock to add to a self-directed RRSP portfolio and you get a solid 4.4% dividend yield at the current share price near $29.

The bottom line on top stocks for a self-directed RRSP

TD and Telus are top-quality companies with long histories of dividend growth supported by rising revenue and higher profits. If you are searching for anchor picks for a self-directed RRSP, these stocks deserve to be on your radar heading into 2022.

CATEGORY

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3. TSX:T (TELUS)
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