2 Top TSX Dividend Stocks to Buy in December for a Retirement Fund

Description

Market volatility has retirement investors wondering which stocks might be good buys right now for a TFSA or RRSP portfolio heading into 2022.

BCE

BCE (TSX:BCE)(NYSE:BCE) is Canada's largest communications firm with a market capitalization of $59 billion. The company enjoys a solid balance sheet and is big enough to make the investments needed to protect its competitive moat while providing customers with the world-class broadband services they need.

BCE reported solid Q3 2021 results. Net earnings jumped 9.9% to $813 million in the quarter compared to the same period last year. Adjusted earnings per share rose 3.8% to $0.82.

BCE added more than 136,000 net mobile phone subscribers, representing a 14.3% increase. The company is doing a better job of keeping existing customers from switching to other providers. Postpaid mobile churn rate hit a Q3 record low of 0.93%.

Media revenue jumped 14.5%, as advertisers spent more across BCE's platforms. Of note, digital revenue rose 32% and now accounts for 22% of the total revenue in the media business.

BCE spent $2 billion to buy new 3,500 MHz spectrum in 2021 at the government auction. This will be the foundation for the expansion of BCE's 5G network. BCE expects to offer 5G services to 70% of the Canadian population by the end of 2021.

The company is also investing in new fibre optic lines that run directly to homes and businesses. This helps retain clients while fortifying its position in the market.

BCE generated $571 million in free cash flow in the quarter, despite the large capital expenditures.

The stock should be a solid defensive pick for a retirement portfolio heading into 2021. Investors who buy the stock at the current price near $65.50 per share can pick up a 5.3% dividend yield.

Canadian Natural Resources

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is a leader in the Canadian oil and gas industry with vast resources and production operations that include oil sands, offshore oil, conventional heavy oil, conventional light oil, natural gas and natural gas liquids.

The sharp increase in oil and natural gas prices over the past year drove up revenue and profits. CNRL reported Q3 2021 adjusted net earnings of $2.1 billion. The company is using excess cash flow to reduce debt, buy back stock, and increase dividends.

Net debt dropped by $2.3 billion in the quarter. In the earnings statement, CNRL announced a 25% dividend increase. This is the 22nd straight year the board has raised the payout. The company is also buying back about 1% of its outstanding stock per quarter.

The stock is down in recent weeks on the pullback in the price of oil, and now appears attractively priced. CNRL trades near $51.50 per share compared to the 2021 high around $55. Investors who buy at this level can pick up a 4.5% dividend yield.

Oil and natural gas demand are expected to remain strong in the next few years. A drop in capital investments during 2020 and 2021 means the market might find itself in a tight position in the medium term. As a result, energy prices could rebound in 2022.

The bottom line on top stocks for a retirement fund

BCE and CNRL are leaders in their industries. The companies pay attractive dividends with above-average yields and should deliver solid total returns for investors who are building diversified retirement portfolios.

CATEGORY

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