Market Pullback: 2 Top TSX Dividend Stocks to Buy Now and Own for 20 Years

Description

The pullback in the TSX is finally giving retirement investors a chance to buy top dividend stocks at undervalued prices for a self-directed RRSP portfolio.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) trades near $47.50 at the time of writing. That's down from $54 just a few weeks ago.

Enbridge reported strong Q3 2021 earnings results, and the outlook should be positive for both the Q4 numbers and next year. A rebound in fuel demand is expected to continue, as the global economy extends its recovery. Gasoline demand in Q3 was back to 93% of where it was in 2019, and there has been an increase in the use of oil to produce power amid shortages of natural gas and reduced output from wind farms in some countries.

Enbridge moves about 25% of the oil produced in the United States and Canada and transports 20% of the natural gas used by Americans. The company's assets are essential to the smooth operation of the Canadian and American economies. With the challenges the industry faces getting new large pipeline projects approved and built the value of Enbridge's existing infrastructure should increase.

Enbridge grows through acquisitions and internal development projects. The company recently spent US$3 billion to buy a strategic oil export terminal in Texas. On the development side, Enbridge is on track to put $10 billion in new assets into service in 2021 and just added $1.1 billion in new renewable energy and natural gas projects to the capital program.

The board raised the dividend by 3% for 2022. This is the 27th straight annual increase to the payout. Investors who buy Enbridge stock at the current share price can pick up a solid 7.2% dividend yield.

Manulife

Manulife (TSX:MFC)(NYSE:MFC) provides insurance, wealth management, and asset management services and products to retail, corporate, and institutional clients. The operations span the globe, with a key focus on Canada, the United States, and Asia.

Manulife has worked hard after the Great Recession to reduce market risks in its portfolios. The recent deal to reinsure 75% of its U.S. variable annuities business takes the process another important step. Manulife unlocks $2 billion in value in the agreement and removes some exposure to stock market crashes.

Manulife reported strong Q3 2021 results. The board just raised the dividend by 18%, so management must feel comfortable with the outlook for revenue and profits in 2022 and beyond. The new quarterly distribution of $0.33 per share provides an annualized yield of 5.7% today.

Manulife trades for close to $23 per share right now compared to the 2021 high above $27.50. The stock appears oversold today. In fact, Manulife stock trades at just 6.9 times trailing 12-month earnings. That compares to 10 times or higher for the Canadian banks.

The bottom line on top dividend stocks to buy now

Enbridge and Manulife are leaders in their respective industries. The stocks look undervalued right now and offer investors attractive dividends with above-average yields. If you have some cash to put to work in a self-directed RRSP these stocks deserve to be on your radar.

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