



RRSP Wealth Builder: Top TSX Dividend Stocks to Buy Now

Description

Canadian savers are looking for top TSX dividend stocks to add to their self-directed [RRSP](#) holdings.

Algonquin Power

Algonquin Power ([TSX:AQN](#))([NYSE:AQN](#)) looks cheap to buy right now below \$18 per share. The stock is down about 20% over the past year due to a selloff in renewable energy stocks. Investors might also be sitting on the sidelines until Algonquin Power closes its US\$2.85 billion acquisition of Kentucky Power.

The purchase is a big move for Algonquin Power, but management has a good track record of making successful acquisitions. Adding Kentucky Power to the portfolio will increase Algonquin Power's electric utility customer base by 19%.

Once the deal closes, a higher percentage of Algonquin Power's revenue will come from regulated assets. This should attract more income investors to AQN stock. At the same time, Algonquin Power continues to build its renewable energy assets, so you get a nice mix.

Algonquin Power announced a US\$12.4 billion capital program through 2026. The news assets are expected to help drive average annual adjusted earnings-per-share growth of 7-9%. Algonquin Power raised its dividend by 10% per year over the past decade. Investors should see steady dividend growth continue.

At the time of writing, the stock offers a 4.9% dividend yield.

Suncor

Suncor ([TSX:SU](#))([NYSE:SU](#)) trades near \$36 per share at the time of writing, and the dividend yield is 4.6%. The board raised the dividend by 100% late last year to bring the payout back to the 2019 level. Investors, however, are still unhappy that Suncor cut the dividend in 2020 to preserve cash flow when

its peers held dividends steady.

Suncor made good progress in 2021 on repairing the balance sheet. It finished the year with net debt that was down to where it sat before the pandemic. Troubled assets are getting back on track and the surge in the price of oil in the past year is driving strong margins for the production operations.

Looking ahead to the rest of 2022 and beyond, fuel demand could rebound sharply in the second half of the year if commuters start heading back to offices and airlines extend their recovery. WTI oil is currently above US\$90 per barrel. Analysts see a run to US\$100 in the coming months and prices will likely remain elevated until global producers make the investments needed to bring more supply to the market. That could take a couple of years.

Suncor is using excess cash to reduce debt even further in 2022 and has a share-buyback plan in place that will see the company repurchase up to 5% of the outstanding stock over the next 12 months.

Suncor stock traded at \$44 before the pandemic. Oil prices are much higher now than they were in early 2020, and fuel demand should hit or exceed 2019 levels this year. With that in mind, the stock might be [undervalued](#) right now.

Investors who buy SU stock today can pick up a 4.6% dividend yield. It wouldn't be a surprise to see the board boost the payout again when Suncor announces the Q1 2022 results.

The bottom line on cheap stocks to buy for a self-directed RRSP

Algonquin Power and Suncor pay attractive dividends with above-average yields. If you have some RRSP cash to put to work, these stocks look cheap right now and deserve to be on your radar.

CATEGORY

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
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