



## RRSP Wealth: 2 Top Stocks to Buy on a Dip and Own for Decades

### Description

RRSP investors are finally getting a chance to buy some top TSX stocks at reasonable or even [undervalued](#) prices right now.

### TD Bank

**TD** ([TSX:TD](#))([NYSE:TD](#)) is Canada's second-largest bank with a current [market capitalization](#) of \$167 billion. The company is best known as a leading retail bank in Canada, but TD actually operates more branches in the United States, and the American business is going to get a lot bigger.

TD is buying First Horizon for US\$13.4 billion in a deal that will significantly increase TD's presence in the U.S. southeast and add more than 400 branches to the existing U.S. operations. Once completed, the addition of First Horizon will make TD one of the top-six retail banks in the American market. The deal will provide a solid boost to earnings and positions TD for decent growth in the coming years.

TD generated adjusted net income of \$3.8 billion in fiscal Q1 2022, compared to \$3.38 billion in the same period last year. The board raised the dividend by 13% for 2022 and TD is buying back up to 50 million shares under the new 12-month share-repurchase program.

Soaring mortgage rates will be a headwind for the housing market in the next couple of years, and that could slow down growth in the mortgage portfolio. At the same time, rising interest rates tend to help TD and its peers generate better net interest margins. As long as unemployment remains at or near record lows the housing market should avoid a severe correction.

TD stock trades near \$91.50 per share at the time of writing compared to the \$109 high it hit earlier this year. At the current multiple of 11.5 times trailing earnings, the stock is starting to look cheap. Investors who buy now can pick up a 3.9% dividend yield.

### Suncor

**Suncor** ([TSX:SU](#))([NYSE:SU](#)) cut its dividend by 55% in 2020 as a measure to protect the balance sheet when pandemic lockdowns sent the price of oil crashing. The decision wasn't copied by Suncor's Canadian oil sands peers, and that has hurt the stock over the past two years.

Suncor decided to use most of the extra cash it generated on the oil rebound last year to buy back shares and pay down debt. This will benefit investors over the long run. Near the end of 2021, the board increased the dividend by 100% to bring the payout back to the 2019 level. Additional hikes should be on the way given the huge rally in oil prices in recent months, and the anticipated recovery in demand for jet fuel and gasoline as airlines boost capacity and commuters start going back to their offices.

Suncor's share price is down from \$43.50 last week to \$39 in the latest pullback. Investors who buy the stock at this level can pick up a 4.3% dividend yield and wait for the next dividend increase. Oil prices are expected to remain elevated for the next two or three years, as rising demand bumps up against limited supply growth and expanding sanctions against Russia.

## The bottom line on stocks to buy on a pullback

TD and Suncor are leaders in their respective industries. The stocks look cheap right now and pay attractive dividends that should continue to grow at a steady pace. If you have some cash to put to work in a self-directed RRSP, these stocks deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:SU (Suncor Energy Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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