



2 Top Stock Picks for RRSP Investors

Description

Canadian savers are using self-directed RRSPs to create pensions for their [retirement](#). The recent pullback in the **TSX Index** is giving investors a chance to buy some top stocks at reasonable prices.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) trades near \$71 per share at the time of writing compared to the recent high around \$74. Investors who buy the shares at the current price can pick up a solid 5.2% dividend yield.

BCE is a good defensive stock to add to the portfolio if you think more volatility is on the way for the broader market. BCE isn't immune to a TSX pullback, but the stock should hold up better than some of the commodity plays.

BCE provides essential communications services that people and businesses need, regardless of the state of the economy. The company also has the power to raise prices at will, so it can pass through higher expenses due to inflation. This doesn't make subscribers to its services very happy, but it is good news for shareholders.

BCE is investing for the future. The company expects to connect another 900,000 customers this year to fibre optic lines that run right to the premises. BCE is also expanding its [5G](#) network after spending \$2 billion last year on new 3,500 MHz spectrum.

Free cash flow is expected to increase by 2-10% in 2022. That should support another 5% dividend increase in 2023. BCE has raised the distribution by at least 5% for 14 consecutive years.

Royal Bank

Royal Bank ([TSX:RY](#))([NYSE:RY](#)) trades for \$130 per share at the time of writing compared to the 2022 high near \$150. At the current level, shares are priced at a reasonable 11.6 times trailing 12-

month earnings, and the dividend provides a 3.7% yield.

Royal Bank has a balanced revenue stream that comes from personal banking, commercial banking, wealth management, capital markets, investor and treasury services, and insurance. A US\$5 billion acquisition in the United States in 2015 increased Royal Bank's presence in the commercial and private banking segment in the country. Royal Bank recently announced a \$2.6 billion deal to boost the wealth management presence in the United Kingdom. Additional deals could be on the way, as the bank uses its large excess cash position to drive growth.

Royal Bank is also returning more cash to investors through dividend increases and share buybacks. The board raised the payout by 11% for fiscal 2022, and another large increase is likely on the way for next year.

Royal Bank is very profitable, and as one of the 10 largest banks in the world by [market capitalization](#), it has the financial firepower to invest in digital solutions to ensure it remains competitive in a rapidly changing industry.

The bottom line on top RRSP stocks

BCE and Royal Bank are top players in their industries and have generated attractive total returns for investors for decades. If you have some cash to put to work, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:BCE (BCE Inc.)
4. TSX:RY (Royal Bank of Canada)

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