

## RRSP Investing: 2 Dividend Stocks to Buy on a Market Pullback

### Description

The recent market pullback is giving [RRSP](#) investors a chance to buy some top-quality dividend stocks at reasonable prices.

It takes courage to invest when the market corrects and catching the bottom is nearly impossible, but buy-and-hold RRSP investors can generate good total returns over the long run by picking up top stocks during [market downturns](#).

### TD Bank

**TD** ([TSX:TD](#))([NYSE:TD](#)) is a very profitable bank. The company generated adjusted net income of \$14.65 billion in fiscal 2021 compared to \$10 billion in 2020. As a result of the strong performance, the board raised the dividend by 13% for 2022.

This year is also off to a strong start. TD reported adjusted net income of \$3.83 billion for fiscal Q1 2022 compared to \$3.38 billion in the same period last year. TD said its Canadian retail banking net income rose 11% versus Q1 2021 and U.S. retail banking net income jumped 27%; they are supported by higher revenue and lower provisions for credit losses.

TD finished Q1 with a CET1 capital ratio of 15.2%. This means the company is sitting on significant excess cash it built up to ride out the pandemic downturn. The bank is now putting the cash to work to drive growth.

How?

TD is using a good chunk of its large cash position to make a strategic acquisition in the United States. The bank is buying First Horizon for US\$13.4 billion in a deal that will add more the 400 branches to the American operations with a focus on states in the U.S. southeast. TD spent billions of dollars over the past two decades to build up the U.S. business that currently serves customers from Maine right down the east coast to Florida.

TD stock is down to \$91.50 at the time of writing from a 2022 high of \$109. Additional weakness is possible in the near term, but TD stock is starting to look attractive. Investors can now pick up the shares for a reasonable 11.5 times trailing 12-month earnings and get a dividend yield of 3.9%.

A quick look at the TD stock chart suggests that buy-and-hold RRSP investors tend to do well over the long term when they add the stock to their portfolios on pullbacks.

### Brookfield Asset Management

**Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) is an alternative asset management

company that invests in real estate, renewable energy, and infrastructure assets around the globe. The business earns fees for investing funds on behalf of clients that include pension funds, institutions, and wealthy individuals. Brookfield Asset Management also invests its own money in most of the deals.

The company is among a small number of global firms that have the size and expertise to do big deals in the three core segments. Returns are carefully evaluated when the investments are made, and Brookfield Asset Management has a knack for selling assets that have appreciated in value to the point where it makes sense to book gains and deploy the funds to new opportunities.

The stock has delivered great long-term returns for RRSP investors. At the time of writing, Brookfield Asset Management trades near \$64.50 per share compared to the 2022 high around \$79.

## The bottom line on top stocks for RRSP investors

TD and Brookfield Asset Management are leaders in their industries and have generated strong total returns for investors over the long haul. The stocks appear undervalued right now and should be solid buy-and-hold picks for a self-directed RRSP.

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3. TSX:BN (Brookfield)
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