



## RRSP Investors: 2 Top Canadian Stocks to Build Wealth for Retirement

### Description

The [market correction](#) is providing [RRSP](#) investors with a chance to buy some top Canadian stocks at discounted prices. Additional volatility should be expected, but buy-and-hold investors might want to consider the following top TSX dividend stocks today.

### Royal Bank

**Royal Bank** ([TSX:RY](#))([NYSE:RY](#)) trades near 11.6 times trailing 12-month earnings at the time of writing. That seems cheap for a top-10 global bank by [market capitalization](#) with return on equity (ROE) of 17.3% that far exceeds most international peers.

Royal Bank generated \$16.1 billion in net income in fiscal 2021. The first quarter of 2022 showed the bank continues to be on a roll with fiscal Q1 net income of \$4.1 billion. That's up 6% from the same period last year.

Royal Bank saw personal and commercial banking report a 10% increase in net income in the quarter on a year-over-year basis. Wealth management net income rose 24%. These gains were offset by small drops in net income from the capital markets, insurance, and investor and treasury services segments.

Royal Bank had a CET1 ratio of 13.5% at the end of January. This indicates a substantial excess cash position. Royal Bank is using part of the extra funds to buy back stock under the current repurchase program. Royal Bank also recently announced a \$2.6 billion acquisition in the United Kingdom that will boost its wealth management presence in that market.

The board increased the dividend by 11% for fiscal 2022. Another generous increase is probably on the way for 2023. At the time of writing, investors can buy the stock for \$130 per share compared to the 2022 high near \$150. At the current price, the dividend provides a 3.7% yield.

Long-term RRSP investors have enjoyed good returns with RY stock. A \$10,000 investment 25 years ago would be worth about \$230,000 today with the dividends reinvested.

## Fortis

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is a good defensive stock to buy for a self-directed RRSP portfolio. The utility company has \$58 billion in assets located in Canada, the United States, and the Caribbean. Fortis gets 99% of its revenue from regulated assets, so the cash flow tends to be very predictable.

The company grows revenue by making strategic acquisitions and through investments in new capital projects across the existing asset base. The current \$20 billion capital program runs through 2026 and will expand the rate base by about a third. Management expects the revenue gains to support average annual dividend increases of 6% per year through 2025. A new acquisition or additional projects could boost the size of the payout hikes.

Fortis raised the dividend in each of the past 48 years, so the current guidance should be solid. At the time of writing, the stock provides a 3.4% dividend yield.

Loyal investors have done well holding Fortis stock. A \$10,000 investment in Fortis 25 years ago would be worth about \$200,000 today with the dividends reinvested.

## The bottom line on top RRSP stocks

Royal Bank and Fortis have proven track records of delivering attractive total returns for RRSP investors. There is no guarantee future gains will match those of the past 25 years, but these stocks still deserve to be anchor picks in a self-directed RRSP.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:FTS (Fortis Inc.)
4. TSX:RY (Royal Bank of Canada)

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