



## RRSP Wealth: 2 Attractive TSX Dividend Stocks to Buy on the Dip

### Description

Market downturns give RRSP investors a chance to buy top Canadian dividend stocks at [undervalued](#) prices. Taking advantage of market pullbacks is a popular strategy to boost long-term total returns in a retirement portfolio.

### Royal Bank

**Royal Bank** ([TSX:RY](#))([NYSE:RY](#)) raised its dividend by 11% for fiscal 2022 after reporting strong profits in 2021, despite the pandemic challenges. Canada's largest bank by [market capitalization](#) is off to a good start in 2022, as well, so investors should see another big dividend hike for next year, if not sooner.

Royal Bank generated more than \$4 billion in profits for the first three months of fiscal 2022. The bank has strong operations across a number of segments and countries.

Net income rose 5% in Q1 compared to the same period last year. Return on equity was a robust 17.3%, and Royal Bank finished the quarter with a CET1 capital ratio of 13.5%. This is a measure of the capital the company has on hand to ride out difficult times. The Canadian banks are required to have a CET1 ratio of 9%, so Royal Bank is sitting on a war chest of cash.

The bank is using the funds to buy back shares and make strategic acquisitions to drive growth. Royal Bank recently announced a \$2.6 billion purchase in the U.K. to bulk up its wealth management business. It wouldn't be a surprise to see additional deals in the near term, especially after the pullback in bank valuations in the past few months.

Royal Bank trades near \$126 per share at the time of writing compared to nearly \$150 in January. The selloff looks overdone, and RRSP investors can pick up a solid 3.8% dividend yield.

A quick look at Royal Bank's stock chart suggests that buying dips is a savvy move for long-term investors. It takes patience to ride out the dips, but total returns can be substantial. A \$10,000 investment in Royal Bank stock 25 years ago would be worth about \$200,000 today with the dividends

reinvested.

## TC Energy

**TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) trades near \$69 per share at the time of writing compared to the 2022 high above \$74.

The company is a major player in the North American energy infrastructure sector with \$100 billion in assets located in Canada, the United States, and Mexico.

TC Energy's core operations focus on natural gas transmission and storage. The company operates 93,000 km of natural gas pipelines that can move the commodity from producers to domestic utilities and liquified natural gas (LNG) facilities for shipping to international markets. The company has a \$25 billion capital program that includes a new natural gas pipeline in British Columbia to transport natural gas to a new LNG site that will send the fuel to Asia.

North American natural gas is plentiful and cheap to produce. The global LNG market is expected to grow in the coming years, as countries switch to the fuel from coal and oil to produce electricity.

TC Energy expects to raise its dividend by 3-5% annually over the medium term. The current payout provides a 5.2% yield.

## The bottom line on top stocks for RRSP investors

Royal Bank and TC Energy are leaders in their industries and pay attractive dividends that should continue to grow. If you have some cash to put to work in a self-directed RRSP, these stocks look cheap today and deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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2. NYSE:TRP (Tc Energy)
3. TSX:RY (Royal Bank of Canada)
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