# Buy the Pullback: 2 Top TSX Dividend Stocks for RRSP Investors

### Description

The market correction is giving self-directed RRSP investors an opportunity to buy top TSX dividend stocks at undervalued prices.



## BCE

**BCE** (TSX:BCE)(NYSE:BCE) trades near $69 per share at the time of writing compared to the 2022 high around $74. The stock has a long-term reputation for being a solid pick for passive income. This makes it popular with retirees and other income investors. BCE has also delivered impressive total returns over the past few decades, and the stock remains an attractive pick for RRSP investors who are using the power of compounding to build retirement portfolios.

BCE raised its dividend by at least 5% in each of the past 14 years. The current distribution provides a yield of 5.3%. BCE has the balance sheet strength to make the billions of dollars of investments required to keep its networks infrastructure world class and still has ample free cash flow to reward shareholders.

The company continues to run fibre optic lines to the premises of its customers. BCE intends to connect an additional 900,000 lines in 2022. This ensures customers have the broadband they need for work or entertainment while protecting BCE's wide competitive moat. In addition, BCE is expanding its 5G network. The two capital programs should lead to new revenue opportunities in the coming years.

BCE has the power to raise prices when its cost structure increases due to inflation. This is important for investors to consider in the current environment.

## Bank of Nova Scotia

**Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) trades near $82 per share at the time of writing compared to the 2022 high around $95. Bank stocks have taken a hit in recent weeks, as investors try to figure out the impact high inflation and rising interest rates will have on their businesses.

On one hand, there is a risk that efforts by the Bank of Canada and the U.S. Federal Reserve to reduce inflation will trigger a recession. Rising interest rates and surging bond yields will also cool off the Canadian residential housing market and could cause a drop in home prices.

At the same time, higher interest rates tend to boost net interest margins for the banks. Regarding housing risks, the market would have to see a material meltdown before the banks take a meaningful hit. Even if things go a bit crazy and house prices tank 15%, the banks have strong enough capital positions to ride out the turbulence.

Overall, the pullback in the share prices of the banks appears overdone.

Bank of Nova Scotia raised its dividend by 11% late last year. Another hike could be on the way when the fiscal Q2 2022 results get announced. If not, a generous increase should be expected for fiscal 2023. At the time of writing, the stock provides a 4.9% dividend yield.

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

BCE and Bank of Nova Scotia are very profitable companies that have long track records of delivering attractive total returns for investors. 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:BCE (BCE Inc.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:BCE (BCE Inc.)
4. TSX:BNS (Bank Of Nova Scotia)

**PARTNER-FEEDS**

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

**PP NOTIFY USER**

1. aswalker

2. kduncombe

**Category**

1. Dividend Stocks
2. Investing

**Date**
2025/08/24
**Date Created**
2022/05/17
**Author**
aswalker