

RRSP Investing: 2 Top TSX Stocks to Buy Now for Total Returns

Description

Canadian savers are searching for the best stocks to add to their self-directed RRSP portfolios. The pullback in the market in recent weeks is giving investors a chance to buy some of Canada's top dividend stocks at [undervalued](#) prices.

Royal Bank

Royal Bank ([TSX:RY](#))([NYSE:RY](#)) earned net income of \$16.1 billion in fiscal 2021. Canada's largest bank by market capitalization is also off to a strong start this year. The company generated net income of \$4.1 billion in fiscal Q1 2022. That was a 6% increase over the same period last year. The fiscal Q2 numbers were even better with net income of \$4.3 billion — also up 6% on a year-over-year basis.

Royal Bank cruised through the worst of the pandemic in good shape and now has a war chest of cash to deploy. Anticipated defaults caused by COVID-19 lockdowns never materialized thanks to government aid programs.

In March, Royal Bank announced a \$2.6 billion deal to buy a wealth management business in the U.K. that will be the platform to expand the group in the European market. Additional deals could be on the way, especially with the latest pullback in valuations across the financial sector.

Royal Bank is also using part of the excess cash to buy back up to 45 million shares under the current repurchase program.

The board raised the dividend by 11% late last year, and Royal Bank just announced another 7% increase. At the time of writing, Royal Bank provides a 3.85% dividend yield.

The stock price is down to \$132 per share from the 2022 high near \$150. Bargain hunters pushed up the share price in the past week, but Royal Bank still looks cheap at this level. Buying the financial giant on dips has historically proven to be a savvy move for retirement investors.

A \$10,000 investment in Royal Bank 25 years ago would be worth about \$200,000 today with the dividends reinvested.

Suncor

Suncor ([TSX:SU](#))([NYSE:SU](#)) trades near its 12-month high, but the stocks still appears undervalued based on the current price of oil and the anticipated growth in fuel demand in the coming months and years.

Suncor trades near \$51.50 per share right now. That's up 55% so far in 2022, but this stock was \$44 before the pandemic, when WTI oil traded at US\$60 per barrel. Today, WTI is US\$115 and, according

to many analysts, is likely headed higher through the rest of 2022.

Suncor's refining and retail operations took a hit during the pandemic alongside the production business, as lockdowns hammered fuel demand. Now that airlines are seeing seat sales return to 2019 levels, and commuters are being called back to the office, jet fuel and gasoline consumption is set to soar. Diesel fuel sales are already back to pre-pandemic heights.

Suncor reported strong Q1 2022 results. The board raised the dividend by 12%. That's on top of the 100% increase that occurred late last year and brings the payout above the level where it was before Suncor cut the distribution in 2020.

At the time of writing, the stock provides a 3.6% yield.

The bull run for oil producers could be in its early innings, and Suncor stock still looks cheap. The oil sector has gone through some rough periods, but patient investors have done very well with Suncor. A \$10,000 investment in the stock 25 years ago would be worth \$184,000 today with the dividends reinvested.

The bottom line on top RRSP stocks

Royal Bank and Suncor are leaders in their industries and have generated solid total returns for long-term 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:RY (Royal Bank of Canada)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:RY (Royal Bank of Canada)
4. TSX:SU (Suncor Energy Inc.)

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

2025/07/06

Date Created

2022/06/02

Author

aswalker

default watermark

default watermark