



## RRSP Deals: 2 Undervalued Stocks to Buy for Total Returns

### Description

Retirement investors are searching for quality stocks that can generate strong total returns inside their self-directed RRSP portfolios.

### Brookfield Asset Management

**Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) is a global alternative asset management company that invests on behalf of clients and also uses its own money. Institutional investors, pension funds, and wealthy families, among others, give Brookfield Asset Management cash to put to work. The company charges a fee for the service once the funds are deployed.

Targeted assets include various types of real estate, renewable energy, and infrastructure projects around the globe. Buying Brookfield Management stock gives retail investors a chance to own a piece of these alternative assets that would otherwise be out of reach.

Brookfield Asset Management has a good track record of buying assets when they trade at reasonable prices to drive attractive returns. The management team is also adept at booking capital gains when valuations get to a point where it makes sense to sell the asset and use the profits to invest in new opportunities.

As an example, Brookfield Asset Management recently announced a deal to sell its student housing portfolio in the United Kingdom.

Brookfield Asset Management continues to attract cash from clients. Assets under management grow steadily and fees move higher as committed funds get deployed.

The board has a strong track record of raising the dividend. The yield is low, but investors need to look at the total returns over time. A \$10,000 investment in Brookfield Asset Management 25 years ago would be worth more than \$235,000 today with the dividends reinvested.

The stock currently trades near \$62.50 per share compared to the 2022 high of \$79. Buying Brookfield

Asset Management on a pullback typically pays off for RRSP investors in the long run.

## Royal Bank

**Royal Bank** ([TSX:RY](#))([NYSE:RY](#)) is a giant in the Canadian and global banking [sectors](#). The firm is Canada's largest financial institution with a current [market capitalization](#) near \$186 billion and ranks among the top 10 in the world based on that metric.

Royal Bank cruised through the pandemic in good shape. The business generated fiscal 2021 earnings of \$16.1 billion. The bank is off to a strong start in fiscal 2022, as well. Net income for the first six months of the fiscal year came in at \$8.4 billion.

Royal Bank built up a war chest of excess cash during the past two years. Loan losses were less than feared due to aggressive government aid programs, so Royal Bank is now looking for opportunities to deploy the extra funds.

The bank is buying back stock and announced a \$2.6 billion acquisition in the United Kingdom to boost the wealth management operations. Shareholders received a dividend increase of 11% late last year, and the board just bumped the payout up by another 7%.

The stock trades near \$131.50 at the time of writing compared to the 2022 high just under \$150. Investors who buy at the current price can pick up a 3.9% dividend yield.

Long-term RRSP investors have done well with RY stock. A \$10,000 investment in the shares 25 years ago would be worth more than \$200,000 right now with the dividends reinvested.

## The bottom line on top RRSP stocks

Brookfield Asset Management and Royal Bank are leaders in their industries. The stocks look [undervalued](#) today, have delivered strong total returns for investors, and should continue to be solid anchor picks for a self-directed RRSP.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:BN (Brookfield)
4. TSX:RY (Royal Bank of Canada)

### PARTNER-FEEDS

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1. aswalker
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aswalker

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