



2 Top Stocks for RRSP Investors to Buy Now

Description

Canadian savers are using their [online brokerage accounts](#) to set up self-directed RRSP portfolios. The pullback in the market this year is giving investors a chance to buy some top dividend stocks at [undervalued](#) prices for a fund focused on total returns.

Bank of Montreal

Investors often overlook **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) in favour of its larger Canadian peers, but the stock probably deserves more attention.

Bank of Montreal raised the dividend by 25% late last year after the government lifted a ban on payout hikes and share buybacks that it imposed on banks and insurance companies during the pandemic.

The board of directors just followed up with another 4.5% distribution increase. This additional payout hike suggests management is very comfortable with the bank's revenue and profit outlook through the rest of this year and into 2023.

Bank of Montreal is in the process of making a big acquisition in the United States. The US\$13.4 billion takeover of **Bank of the West** is Bank of Montreal's largest deal to date and will add more than 500 branches to the American business that operates as BMO Harris Bank. With 70% of its deposits located in California, Bank of the West gives Bank of Montreal a strong platform to expand its business in the state.

Investors should see the immediate impact on the bottom line once the deal closes, and the acquisition could drive strong growth for years, as the American economy expands.

The stock appears cheap near the current price of \$138 per share. Bank of Montreal traded as high as \$154 earlier this year.

Bank of Montreal paid its first dividend in 1829, and investors have received a slice of the profits in every year since that time. The current payout provides a yield of 4%.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a major player in the North American energy infrastructure sector with extensive oil and natural gas transmission and storage assets that serve as strategically important networks for the transfer of fuel across Canada and the United States. In fact, Enbridge moves 20% of the natural gas used in the United States and 30% of the oil produced in the two countries.

Enbridge is shifting its capital outlays to focus to export opportunities. The company bought an oil export terminal and connected pipelines for US\$3 billion in the fourth quarter of 2021. Enbridge also just announced plans to build new pipelines to deliver natural gas to new liquified natural gas (LNG) terminals in Louisiana.

The world energy market is undergoing a dramatic transition, as Europe searches for ways to limit its reliance on Russia for oil and natural gas and Asian countries seek more LNG to produce power, as they move to cleaner fuels and renewable energy.

Enbridge has natural gas distribution utilities and renewable power assets that round out the revenue stream.

The board raised the dividend by 3% this year, and management expects distributable cash flow to rise by 5-7% annually over the medium term. At the time of writing, the stock provides a 5.8% dividend yield.

The bottom line on top stocks for RRSP total returns

Bank of Montreal and Enbridge pay attractive dividends, and the stocks should deliver solid total returns for buy-and-hold 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

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:BMO (Bank Of Montreal)
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