TFSA Wealth: 2 Oversold Canadian Stocks for a Retirement Fund

Description

The market pullback is giving TFSA investors a chance to buy top TSX dividend stocks at undervalued prices for a self-directed retirement portfolio.

TD Bank

TD (TSX:TD)(NYSE:TD) is Canada's second-largest bank with a current market capitalization of $152 billion. The company is best known to investors for its strong Canadian retail banking operations, but TD also has a big presence in the United States that is expected to expand significantly. TD is in the process of buying **First Horizon** for U.S. $13.4 billion in a deal that will add more than 400 branches primarily located in the U.S. southeast. TD already has operations that run from Maine right down the east coast to Florida.

TD generated strong earnings in 2021 and the first part of fiscal 2022 came in solid as well. The entire bank sector, however, has come under pressure in recent months, as investors worry about the risk of a recession being triggered by aggressive interest rate hikes from the U.S. Federal Reserve and the Bank of Canada.

A sharp economic downturn or a crash in the Canadian residential housing market would be negative for TD and its peers. That being said, the pullback appears overdone and TD stock now looks undervalued. TD trades for $84 per share at the time of writing compared to $109 earlier this year. TFSA investors who buy now can pick up a 4.25% dividend yield and wait for a rebound.

Long-term investors have done well when they bought on meaningful dips. A $10,000 investment in TD just 25 years ago would be worth about $180,000 today with the dividends reinvested.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) trades near $45 per share at the time of writing compared to the recent high of $53.50. The stock offers new investors a 5.5% yield at the current price and gives investors a shot at some meaningful total returns through the end of 2022 and into 2023.

Pembina Pipeline is a key provider of midstream services in the energy industry, helping oil and natural gas producers get their products to the market. Pembina Pipeline has pipelines, logistics, and natural gas gathering and processing facilities primarily located in Canada. The company also operates a propane export terminal and is evaluating liquified natural gas (LNG) and carbon–sequestration opportunities.

Pembina Pipeline has grown steadily over the past 65 years through strategic acquisitions and internal capital projects. As the energy infrastructure sector consolidates, Pembina Pipeline will likely continue to be active. It wouldn't be a surprise, however, to see the company become a takeover target for one of the larger players in the industry or for an alternative asset manager seeking reliable revenue, cash flow, and returns.

The bottom line on top stocks to buy for a TFSA retirement fund

TD and Pembina Pipeline look oversold right now and offer investors attractive yields. If you have some cash to put to work in a TFSA retirement portfolio focused on dividends and total returns, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:TD (The Toronto-Dominion Bank)

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
2025/08/17
Date Created
2022/06/27
Author
aswalker