



RRSP Pension: 2 Top TSX Dividend Stocks for Total Returns

Description

The [market pullback](#) is giving self-directed RRSP investors a chance to buy top dividend stocks at cheap prices for portfolios focused on generating attractive long-term total returns.

Canadian National Railway

CN ([TSX:CNR](#))([NYSE:CNI](#)) might not offer the highest dividend yield, but the distribution-growth rate of about 15% over the past 25 years has been one of the best in the **TSX Index**. When you combine the impact of the dividend growth with the rise in the share price, CN has been great long-term holding for RRSP investors.

CN continues to be a good stock to buy for a self-directed pension fund. The company operates a unique network of tracks that connects ports on three coasts. CN has a balanced revenue stream coming from both its Canadian and U.S. segments and provides essential transportation services for industries that are core drivers of the economy.

CN raised the dividend by 19% for 2022 and is buying back up to 6.8% of the outstanding stock under the current share-repurchase program. The business generates strong free cash flow to support dividend growth while enabling CN to make the investments needed to improve efficiency.

CN stock trades near \$147 at the time of writing and offers a 2% dividend yield. The shares hit \$170 earlier this year, so there is decent upside opportunity when market sentiment recovers.

Buying CN on dips has proven to be a very successful strategy for buy-and-hold investors over the years. A \$10,000 investment in CN stock 25 years ago would be worth about \$420,000 today with the dividends reinvested.

TD Bank

TD ([TSX:TD](#))([NYSE:TD](#)) is another top Canadian dividend stock with operations in both Canada and

the United States. TD's American business is going to get a lot larger once the company closes its US\$13.4 billion deal to buy **First Horizon**. The purchase will add more than 400 branches to TD's U.S. business that already runs down the east coast from Maine to Florida. First Horizon is primarily focused on the southeastern states, so the footprint should be a good fit for the existing TD operations. Upon closing, TD will become a top-six bank in the American market.

TD made it through the pandemic in good shape. The company is using a good chunk of the excess cash it built up over the past two years to pay for the First Horizon acquisition. TD raised the dividend by 13% late last year. Another generous increase should be on the way for 2023.

The stock trades near \$82.50 per share at the time of writing compared to \$109 earlier this year. Investors who buy at the current price can pick up a 4.3% dividend yield and wait for the financial sector to rebound from the recent slump.

Long-term investors have done well with TD stock. A \$10,000 investment 25 years ago would be worth about \$185,000 today with the dividends reinvested.

The bottom line on top TSX dividend stocks

CN and TD are leaders in their industries with great track records of delivering dividend growth and attractive total returns. If you have some cash to put to work, these stocks look undervalued right now and deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:TD (The Toronto-Dominion Bank)

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