



Self-Directed RRSP: 2 Top TSX Dividend Stocks to Own for Total Returns

Description

RRSP investors are taking advantage of the [market correction](#) to buy great Canadian dividend stocks that pay attractive distributions and offer strong opportunities for capital gains in the coming years.

TD Bank

TD ([TSX:TD](#))([NYSE:TD](#)) is on buying spree in the United States. Canada's second-largest bank by [market capitalization](#) is taking advantage of its war chest of excess capital to expand its American retail banking and investment banking operations.

TD is buying **First Horizon** for US\$11.3 billion in a deal that will expand the business by more than 400 branches located primarily in the southeastern states. TD already has a large presence right down the American east coast from Maine to Florida, so the move makes sense.

TD also just announced an agreement to buy **Cowen** for US\$1.3 billion. The acquisition will help TD accelerate its growth plans for the American market, adding 1,700 new employees. TD's chief executive officer said, "Cowen is a leading independent dealer with a premier U.S. equities business and a strong, diversified investment bank."

TD's share price trades near \$82 at the time of writing. That's down considerably from the 2022 high around \$109. All the bank stocks are under pressure, as investors try to figure out if a recession is on the way and how big an impact it might have on revenue and earnings.

At this point, TD stock looks undervalued at 10.2 times trailing 12-month earnings. Investors can pick up a decent 4.3% dividend yield and simply wait for the distribution increases to roll in over the coming years. TD raised the dividend by 13% for fiscal 2022. Another generous increase is likely on the way for 2023.

Long-term TD investors have received good total returns. A \$10,000 investment in TD stock 25 years ago would be worth about \$175,000 today with the dividends reinvested.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a leader in the North American energy infrastructure industry. The company's oil pipelines transport 30% of the oil produced in Canada and the United States. Enbridge also moves 20% of the natural gas used by Americans. In addition, Enbridge has natural gas utilities that provide millions of Canadian homes and businesses with essential fuel. Solar, wind, and geothermal power facilities round out the asset portfolio.

Looking ahead, Enbridge is investing in assets to meet the growing international demand for North American oil and natural gas. Enbridge purchased an oil export terminal in the United States for US\$3 billion late last year. In 2022, the company has already announced plans to build two natural gas pipelines to supply liquified natural gas (LNG) facilities on the U.S. Gulf Coast. In Canada, Enbridge just purchased a 30% stake in the \$5.1 billion Woodfibre LNG project to be completed by 2027 in British Columbia.

Enbridge raised the dividend in each of the past 27 years. Investors should expect to see ongoing annual payout increases in the 3-5% range over the medium term. The stock is down a bit from the 2022 highs and now offers investors an attractive 6% dividend yield.

A \$10,000 investment in Enbridge stock 25 years ago would be worth about \$230,000 today with the dividends reinvested.

The bottom line on top stocks to buy for total returns

TD and Enbridge are top TSX dividend stocks that look cheap today and offer growing distributions. If you have some cash to put to work in a self-directed RRSP focused on total returns, these stocks deserve to be on your radar.

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1. Dividend Stocks
2. Investing

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