



## RRSP Wealth: 2 Top TSX Dividend Stocks to Buy Now and Own for 25 Years

### Description

The market pullback is giving Registered Retirement Savings Plan ([RRSP](#)) investors a chance to buy top Canadian dividend stocks at [undervalued](#) prices for a self-directed portfolio focused on long-term total returns.

### TC Energy

**TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) has raised its dividend in each of the past 22 years, and investors should see the distribution continue to grow at a steady pace.

The energy infrastructure giant operates natural gas pipelines, oil pipelines, and power-generation facilities in Canada, the United States, and Mexico. The \$28 billion capital program is largely focused on expanding the natural gas pipeline business, which already boasts 93,000 km of infrastructure. TC Energy has assets that connect the Marcellus and Utica shale plays in the United States to the Gulf Coast, where liquified natural gas (LNG) facilities cool the gas to the point where it becomes liquid and can be shipped to international buyers. In Canada, TC Energy is building the Coastal GasLink pipeline that will bring natural gas from producers in northeastern British Columbia to a new LNG facility on the B.C. coast.

Demand for Canadian and U.S. natural gas is rising as Europe seeks out new supplies to replace its reliance on Russia. Asian buyers are also looking for natural gas as more power plants are converted to use the fuel instead of burning oil and coal.

TC Energy stock looks undervalued today near \$65. It traded as high as \$74 in June. Investors who buy the stock at the current price can pick up a solid 5.5% dividend yield.

A \$10,000 investment in TC Energy stock 25 years ago would be worth about \$75,000 today with the dividends reinvested.

## CIBC

**CIBC** ([TSX:CM](#))([NYSE:CM](#)) is Canada's fifth-largest stock by [market capitalization](#). The bank is often overlooked by investors in favour of its bigger peers, but ignoring CIBC risks missing out on some decent dividends and a shot at attractive total returns in the coming years.

At the June investor meeting, CIBC said it expects revenue and earnings to grow by 7-10% across its various segments over the medium term, supported by strong growth in the U.S. commercial banking and wealth management group. CIBC's leadership team is confident in the bank's outlook, even in the face of economic headwinds that could include a recession next year.

CIBC made a number of investments in recent years in the United States that have worked out well and provide diversification to the revenue stream. Investors sometimes view CIBC as being too reliant on the Canadian retail banking business. CIBC has a large Canadian residential mortgage portfolio relative to its size, so this potentially puts it at a higher risk than the other banks if the Canadian housing market tanks.

An economic downturn and some pain in the housing market are expected in the next couple of years, but CIBC has the capital to ride out tough times and remains very profitable. CIBC's common equity tier one (CET1) ratio, which is a measure of a bank's capital strength, was 11.8% at the end of fiscal third quarter (Q3) of 2023. This is well above the 10.5% minimum required by the government and means CIBC is sitting on excess cash. Adjusted return on equity (ROE) came in at a healthy 15.1% in the quarter and adjusted net income of \$1.72 billion topped the \$1.65 billion in fiscal Q2 of this year.

CIBC trades near \$63 at the time of writing compared to the 2022 high around \$83. Investors who buy at the current level can pick up a 5.25% yield.

A \$10,000 investment in CIBC stock 25 years ago would be worth about \$100,000 today with the dividends reinvested.

## The bottom line on top stocks to buy for total returns

TC Energy and CIBC pay attractive dividends that should continue to grow. If you have some cash to put to work in a self-directed RRSP, these stocks look cheap today and deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:TRP (Tc Energy)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:TRP (TC Energy Corporation)

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