# RRSP Investors: 2 Oversold TSX Dividend Stocks to Start a Retirement Fund

## Description

The second phase of the 2022 market correction is providing RRSP investors with an opportunity to buy top Canadian dividend stocks at undervalued prices for portfolios focused on generating attractive long-term total returns.



## Telus

**Telus** (TSX:T)(NYSE:TU) trades near $29 at the time writing compared to more than $34 earlier this year. The pullback in the share price looks overdone, and investors can now pick up an attractive 4.6% dividend yield.

Telus is a good stock to buy if you want to add a defensive pick to your RRSP portfolio. The bulk of the revenue comes from internet and mobile services. These should be recession resistant, given their essential nature. Even the TV subscriptions should hold up well during an economic downturn. People will generally cut other discretionary spending before they abandon their source of entertainment.

Telus generated strong second-quarter (Q2) 2022 results that show the resiliency of the business in an uncertain economic climate. Adjusted net income jumped 21% compared to the same period last year.

Telus has interesting subsidiaries that could drive revenue growth in the coming years. For example, Telus just completed the $2.3 billion takeover of LifeWorks. The deal expands the global reach of Telus Health, which provides digital health and wellness services to medical professionals and corporate clients.

Telus tends to raise the dividend twice per year and is targeting annual dividend growth of 7-10% over the medium term.

## Manulife

**Manulife** (TSX:MFC)(NYSE:MFC) operates insurance, wealth management, and assets management businesses primarily located in Canada, the United States, and Asia.

The company took a couple of hits this year that were beyond its control. COVID-19 caused higher morbidity and mortality claims in the insurance businesses in Canada and the United States in Q1 2022, while Omicron lockdowns in Asia in the quarter hindered product sales. In addition, the market correction in Q2 that put pressure on wealth management results could extend through the third quarter.

Despite the near-term market challenges, Manulife looks attractive. Soaring interest rates should have a positive impact, as Manulife will be able to earn higher returns on cash it needs to set aside for potential insurance claims. Longer term, the Asia business should expand, as growth in middle-class wealth drives demand for insurance and wealth management products.

Manulife trades near $22 per share compared to $28 earlier this year. Investors who buy the stock at the current level can lock in a solid 6% dividend yield. The board raised the dividend by 18% late last year and investors should see another decent increase for 2023, even in the current era of economic uncertainty.

Manulife is a good stock to buy if you want a high-yield financial pick but don’t want to take on the housing risks that come with owning the Canadian banks.

## The bottom line on top TSX stocks to buy for a self-directed RRSP



Telus and Manulife 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.

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2. Investing

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2. NYSE:TU (TELUS)
3. TSX:MFC (Manulife Financial Corporation)
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