2 Oversold Canadian Dividend Stocks Yielding 6% to Buy Now for a TFSA or RRSP

Description

Canadian savers can take advantage of the 2022 market correction to buy top TSX dividend stocks at cheap prices for a Tax-Free Savings Account (TFSA) focused on passive income or a self-directed Registered Retirement Savings Plan (RRSP) targeting attractive total returns.

BCE

BCE (TSX:BCE)(NYSE:BCE) is Canada's largest communications company with a current market capitalization of $55.5 billion. The stock trades near $61 at the time of writing compared to a high of $74 earlier this year. The steep pullback looks overdone given the strong earnings results so far this year and BCE's confirmed guidance on its full-year 2022 financials.

BCE generated second-quarter (Q2) 2022 adjusted net earnings of $791 million compared to $751 million in the same period last year. Free cash flow jumped 7.1% to $1.33 million in the latest quarter.

Ad spending in the media group and new phone sales could slow down next year if the economy goes into a recession, but the mobile and internet subscription revenue should hold up well due to the essential nature of these services.

BCE is investing $5 billion on capital projects in 2022 to drive future revenue growth while protecting its wide competitive moat. The company continues to run fibre optic lines to the buildings of customers and is expanding the 5G mobile network.

Investors who buy BCE stock at the current price can pick up a 6% dividend yield. BCE has raised the distribution by at least 5% annually over the past 14 years, and shareholders should see the trend continue.

A $10,000 investment in BCE stock 25 years ago would be worth more than $180,000 today with the dividends reinvested.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a giant in the North American energy infrastructure industry with vast oil and natural gas pipeline networks that transport 30% of the oil produced in Canada and the U.S. and 20% of the natural gas used in the United States. The company also has natural gas distribution utilities and renewable energy assets, including wind, solar, and geothermal sites.

Enbridge has a $13 billion capital program on the go that will help drive revenue and cash flow growth in the next few years. In addition, Enbridge is taking advantage of its size to make strategic acquisitions. The company spent US$3 billion last year to buy an oil export terminal in the United States. Enbridge also recently announced a deal to take a 30% ownership position in the $5.1 billion Woodfibre liquified natural gas (LNG) project in British Columbia.

Finally, Enbridge is expanding into hydrogen and carbon capture. These new segments have strong growth potential, and the company is positioned well to capitalize on the opportunities.

ENB stock trades near $55 at the time of writing compared to more than $59 in June. At the current share price, investors can pick up a 6.2% dividend yield. A $10,000 investment in Enbridge 25 years ago would be worth about $225,000 today with the dividends reinvested.

The bottom line on top stocks to buy for TFSA and RRSP total returns

BCE and Enbridge are good stocks to buy for passive income and total returns. If you have some cash to put to work in a self-directed TFSA or RRSP portfolio, these stocks look cheap right now and deserve to be on your radar.

CATEGORY

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
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