2 Cheap TSX Stocks for TFSA and RRSP Investors to Buy Now

Description

The market correction is serving up a number of great deals in the Canadian market. Investors seeking Tax-Free Savings Account (TFSA) passive income or Registered Retirement Savings Plan (RRSP) total returns can buy top TSX dividend stocks right now at cheap prices to secure high yields and set the portfolio up for some decent returns when the market rebounds.

TD Bank

TD (TSX:TD)(NYSE:TD) is Canada's second-largest bank with a current market capitalization of $161 billion. The bank spent a good chunk of the past 15 years building its American business through a series of acquisitions, and TD has decided to get even bigger in the American market. The company is using the war chest of cash it built up during the past couple of years to make two strategic purchases.

The US$13.4 billion acquisition of **First Horizon**, a retail bank, will add more than 400 branches to the U.S. business and will make TD a top-six bank in the country. TD is also expanding its capital markets capabilities through the US$1.3 billion purchase of **Cowen**, an investment bank.

TD generated solid earnings through the first three quarters of fiscal 2022 and is on track to top the 2021 results. Despite the positive momentum and the prospects for revenue expansion south of the border, TD's stock is down from $109 earlier this year to the current price near $88.

At this level, investors can pick top a decent 4% dividend yield and look forward to steady dividend growth. TD raised the distribution by 13% for fiscal 2022 and hiked the dividend by a compound annual rate of roughly 11% over the past 25 years. That's a good recipe for positive total returns, and long-term investors have done well holding TD stock through the dips. A $10,000 investment in TD shares 25 years ago would be worth more than $170,000 today with the dividends reinvested.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a utility company with $60 billion in assets located across Canada, the United States, and the Caribbean. The company gets 99% of its revenue from regulated businesses. This means can flow should be predictable and reliable, even during challenging times. Fortis owns power generation, electricity transmission, and natural gas distribution assets. Companies and households have to keep the building warm and the lights on in all economic conditions.

Fortis stock trades near $57 per share at the time of writing compared to $65 earlier this year. The dip gives investors a chance to pick up a decent 3.75% yield while looking forward to good dividend increases in the coming years. Fortis intends to raise the dividend by an average of 6% per year through 2025. This is based on an expected 6% compound annual expansion of the rate base through 2026, driven by the $20 billion capital program.

Fortis raised the dividend in each of the past 48 years, so investors should feel confident the guidance is solid.

The bottom line on top dividend stocks to buy now

TD and Fortis pay good dividends that should continue to grow. If you have some cash to put to work in a TFSA or RRSP, these stocks look cheap today and deserve to be on your radar.

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