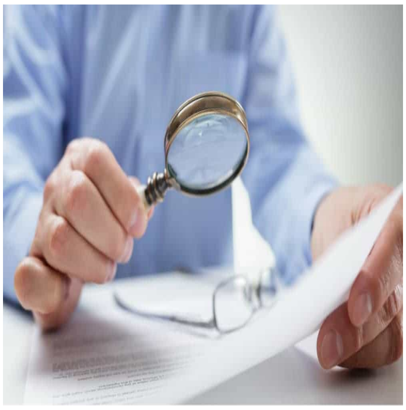

These 2 Solid Canadian Dividend Stocks Aren't Getting Enough Airtime

Description

If you want to make money investing, the best stocks to buy are often a combination of good value with dividends and some growth. While there are, of course, many different styles of investing, if you want to buy stocks to hold for capital growth, then an understanding of market fundamentals and growth analysis can set you on the right track.

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Below are two popular Canadian stocks selected for stability, durability, dividends, and positive growth outlook. While there are other stocks on the TSX that excel in these regards, the following two may be getting less airtime than others at the moment. Let's see where the following two tickers are at right now and whether either of them is a strong buy.

Hydro One (TSX:H)

Hydro One is a major electrical transmission and distribution provider in Ontario. Next time the lights go out when you're in Toronto, spare Hydro One a thought. With a market cap of $12 billion, Hydro One is big enough to take seriously in terms of a defensive play. It's a market leader in terms of past performance, too: a one-year past earnings growth of 23.4% beats the 0.3% growth of the industry for the same time frame and smashes its own five-year average past earnings growth of -2.2% many times over.

A P/E of 14.7 times earnings indicates good value, as a does a P/B of 1.2 times book. Hydro One's PEG of three times growth is a little high, though, and doesn't sit well with a low 5% expected annual growth in earnings over the next one to three years. If you want decent passive income, then you are in luck, with a dividend yield of 4.69% on offer at today's price. Watch that debt level of 124.7% of net worth, though, if you don't like stocks with liabilities, and be aware that that level signifies an increase over the past five years

Canadian Tire (TSX:CTC.A)

Canadian Tire is possibly the nation's most recognizable multi-line retail outlet, and one of the most defensive of retail stocks. A market cap of $10 billion marks it out as one of the bigger high-street players. However, a one-year past earnings growth of -2.8 % is a pretty poor show compared to the

Canadian multi-line retail industry average of 42% as well as its own five-year average past earnings growth of 6.2%.

In terms of value, you're doing all right with this stock: a P/E of 14.9 times earnings is good to see, as is a PEG of 1.2 times growth. In terms of book value, a P/B ratio of 2.3 times book is a little steep, however. A dividend yield of 2.34% should satisfy passive-income investors to some degree, and there is some growth here, too, with a 12.1% expected annual growth in earnings over the next couple years. In terms of debt, Canadian Tire isn't far off Hydro One, with a debt level of 126.6% of net worth.

The bottom line

While Hydro One beats Canadian Tire on past performance and market cap size, the pair of them make for decent defensive plays if you want to add some well-valued passive income to your TFSA, RRSP, or RRIF. Both of them look more than capable of going the distance and would be good additions to any domestic portfolio. If you want to buy just one of them, make it Hydro One for that higher dividend.

CATEGORY

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2. Energy Stocks
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TICKERS GLOBAL

1. TSX:CTC.A (Canadian Tire Corporation, Limited)
2. TSX:H (Hydro One Limited)

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