2 of the Best Canadian Dividend Stocks for Millennial Investors

Description

Below, you will find two stocks that would suit a new investor's starter portfolio — indeed, they are two of the best stocks on the TSX index hands down and relatively risk-free ways to invest in the stock market. Whether you're buying shares on the TSX index for the first time or want to know how to start investing in classically defensive stocks, they're both strong buys.

While brand awareness has recently been held up to be a facet of young investing, the fact is that many of the so-called mall-inspired investment choices that get made are often based on shopping habits rather than cold, hard data. Here are two excellent examples of just what that data should look like in two no-nonsense stocks that can give backbone and passive income to a new portfolio.

TD Bank (TSX:TD)(NYSE:TD)

A one-year past earnings growth of 8.3% just trailing the banking industry average of 8.9% shows that TD Bank is nicely in line with its peers, though that growth does trail its own five-year average past earnings percentage of 10.3%. Valuation is good for this stock, with some strong multiples: a PEG of 1.4 times, P/E of 11.3 times, and P/B of 1.7 times.

TD Bank stock is renowned for its healthy balance sheet with an appropriate tolerance for bad loans and a fairly good dividend yield of 3.94%. It's also got an 8.3% expected annual growth in earnings to look forward to. Indeed, a combination of expected growth, low non-loan assets, and a decent yield is the perfect mix in a banking stock.

Fleshing out this star stock of the TSX index are some mixed momentum stats: it's shed 0.55% in the last five days, while a beta of 0.82 indicates lower volatility than the market; meanwhile, its share price is discounted by 19% compared to the stock's future cash flow value.

Fortis (TSX:FTS)(NYSE:FTS)

It's something of a shame to see a one-year past earnings contraction by 4.4% in a stock like Fortis, though a five-year average past earnings growth of 24.7% far exceeds the industry's five-year average of just 5%. Better days are ahead, though, with a 5.4% expected annual growth in earnings putting Fortis back on track and in line with the industry.

In terms of value, the fundamentals could be better: a high PEG of 3.6 times is mitigated a little by a reasonable P/E of 19.3 times and matching P/B of 1.3 times. A dividend yield of 4.05% gives incentive to buy and hold this defensive cornerstone of the TSX index for years to come.

Down 2.86% in the last five days, its low market-relative beta indicates normally minimal turbulence, while its share price is discounted by 32% against future cash flow value. This combination of passive income and classic defensive characteristics make Fortis one of the go-to stocks for long-term shareholders building a solid personal investment portfolio.

The bottom line

The two stocks above would make for a great mini starter portfolio for new investors looking to start making money with stocks in the near future, while allowing for long-term stability. Both Fortis and TD Bank are just right for a millennial portfolio, with a good mix of value, dividends, and growth, and either would slot nicely into a TFSA or RRSP.

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Date
2025/09/22
Date Created
2019/01/09
Author
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