



## Top 2 Dividend Growth Stocks to Buy for 2020

### Description

2019 was a heck of a year for stocks. The **TSX Index** unexpectedly surged 20% year-to-date, as recession fears and pessimism faded away thanks to the better-than-expected U.S. data that pretty much nullified the materiality of the lacklustre Canadian jobs numbers.

Indeed, the Canadian stock market has been riding on the coattails of our friends south of the border, a phenomenon that will likely continue moving forward.

As we enter a new year and a new decade, it may seem like a bad idea to be a buyer now that everybody is bullish. Despite the newfound wave of optimism, however, there are still [plenty of value stocks](#) on this side of the border that may have yet to reach their full potential.

It's these under-the-radar TSX stocks that I believe have the highest chance of correcting to the upside over the next year!

So, if you're cautiously optimistic like many other value-conscious investors, consider the following out-of-favour dividend growers as potential outperformers in the year ahead:

### Restaurant Brands International

Fast-food stocks have fallen into a slump over the last several months, with **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) taking one of the bigger hits to the chin with shares now down 19% from all-time highs.

As the stock flirts with bear market territory, now is a perfect time to initiate a contrarian position as the name picks up negative momentum over nothing.

Sure, insiders (3G Capital) have offloaded a considerable amount of shares this year, but with long-term fundamentals still intact, I see QSR as nothing more than a way for investors to get premium growth and income at a non-premium price.

The stock sports a 3.1% dividend yield at the time of writing, and with the capacity to grow its net income and dividend by a [double-digit rate](#) over the foreseeable future, the 16.3 times forward P/E multiple makes QSR stock akin to a door crusher of a deal this boxing week.

As fast-food stocks become great again, expect QSR to be one of the top names to lead the upward charge back toward all-time highs.

## Toronto-Dominion Bank

Most of the Canadian banks have been underwhelming in 2019, with **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) losing a bit of ground to its peers in the space as the credit cycle looks to enter its next expansionary phase.

Provisions, rising expenses, and squeezed net interest margins have been the theme for the year, and not even TD Bank has been able to escape the strong industry headwinds.

TD Bank may have stumbled on the year, but it's not out of the race — not even close. It's still arguably Canada's most premier bank, and 2020 could be the year where the name returns to its former glory.

The bank is still one of the more conservative lenders out there, and with analyst expectations now lowered, TD Bank stock should have ample room to run should management get expenses under control as provisioning looks to grind to a halt.

From a longer-term perspective, TD Bank looks like a massive bargain amid an unfavourable environment. TD stock trades at 10.6 times next year's expected earnings and 1.6 times book, both of which are slightly lower than the five-year historical average multiples of 12.9 and 1.8, respectively.

Credit downturns don't last forever. And once we finally enter the next cycle, premium banks like TD will likely be viewed as being severely undervalued for most of 2019.

In the meantime, investors can scoop up the handsome dividend, which currently yields 4%.

Stay hungry. Stay Foolish.

### CATEGORY

1. Dividend Stocks

### TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

### PARTNER-FEEDS

1. Business Insider

2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

### Category

1. Dividend Stocks

### Date

2025/08/25

### Date Created

2019/12/30

### Author

joefrenette

default watermark

default watermark