Canadians: My Top 2 Dividend Stocks for the 2020s

Description

When investors think of dividend stocks, we usually pinpoint equities that are sought after for their income alone. A stable, high-yield dividend stock can be a great asset in a portfolio.

However, today I want to look at two dividend stocks that offer a more balanced approach. These equities have the potential for big growth over the course of the 2020s, while also providing steady income in your portfolio.

Let's dive in.

Top dividend stock: I'm bullish on healthcare

The healthcare sector already looked enticing to kick off this decade. However, the COVID-19 pandemic has put the spotlight on this industry. Back in March, I'd explained how investors could make up their market crash losses by pouring into healthcare equities.

Savaria (TSX:SIS) is a Laval-based company that operates in the personal mobility devices market. A recent report from ResearchAndMarkets projected that the global personal mobility devices market would reach USD $17.9 billion by 2027.

According to the World Health Organization (WHO), the number of people aged 60 and above will grow by over 50% to 1.4 billion by 2030. This rising demographic will represent the core of Savaria's consumer base.

Shares of Savaria have climbed 24% month over month as of close on May 26. The company released its first- quarter 2020 results on May 12. Savaria managed to put together a strong performance even as it faced challenges due to the COVID-19 pandemic.

Adjusted EBITDA posted 17.3% growth to $12.4 million and revenue increased 1.1% to $88.4 million. All 10 of its global factories remain open for business, and Savaria is still confident in its 2020 outlook.

The company currently boasts an immaculate balance sheet. Moreover, it declared a monthly dividend of $0.0383 per share on May 22, which represents a 3.2% yield. Savaria stock still has a price-to-earnings ratio of 25, which is favourable value relative to industry peers.

Increased financialization will power this stock in the 2020s

Lost in the shuffle of the recovery over the past decade has been the increased financialization of the broader economy. Financial businesses have managed to capture roughly one-third of all corporate profits in North America. These trends will boost dividend stocks like **TMX Group** (TSX:X) in the years to come.

TMX Group operates exchanges, markets, and clearinghouses primarily in capital markets in Canada and some around the world. Shares of TMX Group have climbed 18% in 2020 at the time of this writing. Moreover, the stock has increased 48% in the year-over-year period. It released its first-quarter 2020 results on May 11.

Revenue at TMX rose 12% year over year to $220.3 million. Adjusted diluted earnings per share climbed 18% from Q1 2019 to $1.53 and cash flows from operating activities surged 50% to $79 million.

TMX achieved strong earnings growth on the back of high volatility and a bump in activity in capital markets. Volumes were particularly high in the volatile month of March.

Shares of TMX last possessed a higher-than-average P/E ratio of 29 and a price-to-book value of 2.1. TMX offers a quarterly dividend of $0.66 per share, representing a modest 1.9% yield. The stock is trading just off its 52-week high.

Although I’m very bullish on this dividend stock in the long term, value investors may want to pick their spots and wait for a more attractive entry point this year.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:SIS (Savaria Corporation)
2. TSX:X (TMX Group)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
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