Canadians: 2 Cheap, but Stellar Dividend-Growth Stocks to Buy Now and Hold for Decades

Description

The **TSX Index** is still chock-full of bargains, even after its tremendous relief rally sparked by aggressive actions from the U.S. Fed.

As a do-it-yourself stock picker, you can pick your spots carefully and scoop up value even during times when it'd probably be a bad idea to put money in a broader TSX index fund, which some pundits believe is overdue for a correction.

Without further ado, consider the following two attractively valued dividend-growth stocks to help you build substantial wealth through the decades.

TFI International

TFI International (TSX:TFII) is a Canadian transport and logistics company that keeps on trucking. Shares of the less-than-load (LTL), or small-freight, trucker got battered in the crash, losing around half its value from peak to trough. Today, shares of TFII have mostly recovered. However, I think they still look undervalued. This is an economically sensitive play that can offer massive gains in a cyclical upswing.

At the time of writing, TFII stock trades at 2.04 times book and 6.2 times EV/EBITDA, both of which are lower than the stock's five-year historical average multiples of 2.2, and 8.6, respectively. The dividend, which currently yields just 2.4%, has grown at a high single-digit rate over the years. I expect this trend to continue through the decades, as management continues to make meaningful long-term improvements to its operating efficiency.

TFI has had its fair share of stumbles in the past, thanks to a few self-inflicted operational issues. But over the years, the firm has corrected its mistakes and appears to have learned a great deal. Of late, TFI has been firing on all cylinders and is a terrific way to play to the recovery of the North American economy.

Restaurant Brands International

Restaurant Brands International (TSX:QSR)(NYSE:QSR) stock just reeks of dividend growth. The fast-food kingpin behind such names as Popeye's, Tim Horton's, and Burger King has a wide moat and a high-growth business model that's also capital-light. The intangible value of the power behind QSR's brands, I believe, has been heavily discounted by folks on the Street over the years.

The pandemic has caused sales to trend sharply lower. A possible second wave of infections could cause just as much damage in quarters to come. For longer-term thinkers, though, the nearer-term headwinds shouldn't cloud the lucrative long-term growth story. Restaurant Brands has many levers to grow its top-line while making moves to improve upon its return on invested capital (ROIC) through menu innovation. There's a world of growth potential for Restaurant Brands. With more than enough liquidity (1.98 quick ratio) to survive this coronavirus onslaught, the company will live to see much better days.

In a post-pandemic environment, when 'inferior goods' like fast food will be in higher demand, Restaurant Brands will likely be quick to bounce back. The next thing you know, it will find itself gushing with cash again, giving it the option to pursue another acquisition, reward shareholders with whopper-sized dividend increases, finance a beefy share repurchase program, or a combination of the three.

In any case, QSR looks like a wonderful growth business that's priced more like a stalwart.

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TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)
3. TSX:TFII (TFI International)

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Date
2025/08/24
Date Created
2020/06/05
Author
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