3 Dividend Heavyweights That Could Rocket Higher by 2021

Description

While it seems as though you missed your chance to get a “steal” of a deal now that global markets have mostly recovered, there are stocks within the harder-hit areas of the economy that can allow late-to-the-party investors a chance to profit from a potentially lagged recovery.

Without further ado, consider the following three dividend heavyweights that could allow you to have your cake (a high-yielding dividend) and eat it too (outsized capital gains).

TD Bank

TD Bank (TSX:TD)(NYSE:TD) is a premium bank stock with an impeccable management team that knows risk management like it’s nobody else’s business. Neither the coronavirus crisis nor the Canadian credit downturn has changed anything about that.

While TD Bank has endured a rockier road over the past year relative to some of its more resilient peers, I still think investors ought to consider backing up the truck on a name that will surely roar out of the gate, as it does every time, once the tides inevitably turn in favour of Canada’s top financial institutions.

For now, investors can lock-in a bountiful 4.8% yield at a nice discount on TD stock while they wait for peak provisions to pass (assuming they haven’t already).

Restaurant Brands International

Restaurant Brands International (TSX:QSR)(NYSE:QSR) is a fast-food kingpin that also happens to be one of my favourite growth stocks on the **TSX**. The firm behind Burger King, Tim Hortons and Popeyes got battered far more than it should have been, and I’ve been an advocate of buying all the way down.

Fast-forward to today and QSR shares have nearly doubled off those March bottoms, yet the stock still looks attractively valued, with shares sporting a juicy 3.7% yield. The company has many levers for growth and deserves to trade at a fat premium relative to most of its peers in the space.

While there are still some issues at Tim Hortons, I do see ample upside for the brand once management has a chance to iron out the wrinkles.

In the meantime, however, consumers are gradually making a return to their favourite dining rooms. Over time, I suspect that dine-in will return to pre-pandemic levels, and for those willing to wait it out, there's a chance to nab the stock at a nice discount to its intrinsic value range.

Fairfax Financial Holdings

Last, but certainly not least, we have **Fairfax Financial Holdings** (TSX:FFH), an insurance firm and investment holding company managed by the legendary Prem Watsa (a man we know as Canada's Warren Buffett).

Like the real Buffett, Watsa has been in a slump of late. Watsa gained fame for navigating through the Financial Crisis unscathed, but he could not avert the socio-economic disaster that was the coronavirus crisis, with investment losses piled up in the first quarter.

While investments have been souring, I am a fan of the near-decade-low valuation and Fairfax's subtly improving underwriting track record. Moreover, Watsa is a man who's known to make bold bets. When he's wrong, he's wrong *big*, as we've seen.

But when he's right, you'd better watch out because there's a heck of a lot to gain by standing in the corner of one of the smartest big-league money managers of our time.

If you're looking to bet on Watsa's comeback, Fairfax is the way to do it. The stock sports a 3% yield and has begun to pick up traction over the past few weeks.

CATEGORY

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TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:FFH (Fairfax Financial Holdings Limited)
4. TSX:QSR (Restaurant Brands International Inc.)
5. TSX:TD (The Toronto-Dominion Bank)

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