



2020 Market Crash: A Generational Opportunity to Buy These Dividend Stocks

Description

The 2020 market crash has come and gone, with the **S&P 500** inching closer towards fully recovering from the sharpest market crash in recent memory. While it seems as though the generational opportunity to buy stocks is now in the rear-view mirror, I'd urge investors who missed out on buying the dip back in the first half to consider looking for value in some of the hard-hit stocks that have still yet to participate in the broader market rally to the full extent.

Warren Buffett mostly sat on his hands amid the vicious February-March sell-off. But he's not just going to wait around for the markets to retest those March 23rd lows before putting his cash hoard to work, as demonstrated by his recent bout buying activity. Buffett put more than US\$11 billion to work over the last several weeks, a big bet on natural gas assets, alongside more shares of his favourite U.S. bank (around US\$1.2 billion worth).

Today, both the pipeline and banking scene still reek of value and make for compelling catch-up trades for value-conscious investors who missed the boat a few months ago. Warren Buffett's recent bets, I believe, are a hint as to where the deep value still lies. As such, investors shouldn't fret over missing buying opportunities because, like it or not, just a few behemoth-sized tech companies have been doing most of the heavy lifting for the S&P 500.

If you want to follow in Buffett's footsteps, consider scooping up shares of **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) and Canada's most American retail bank, **TD Bank** ([TSX:TD](#))([NYSE:TD](#)). TD and TC are still in the dog house and allow investors a shot to pay less to get more dividend yield.

TD Bank

TD Bank has the perfect mix of Canadian and U.S. banking exposure. The latter of which has helped the bank achieve above-average results over time while keeping risks in check. Of late, though, the U.S. exposure, which is usually a major bright spot for TD, has been a sore spot amid the [COVID-19](#) pandemic.

The U.S. got hit ridiculously hard, with over 4.5 million in total confirmed cases of COVID-19 and over

153,000 deaths. With more U.S.-based COVID-linked loan losses likely in the cards through year-end, there's no question that the once "premium" bank is no longer trading at a premium to either its historical averages or its peer group.

While provisioning will continue to eat away at TD's profitability, I think that the damage done to TD stock has become overblown. In the grander scheme of things, TD will be right back to being the top-tier bank that it was before the COVID-19 socio-economic disaster. If you're like Warren Buffett and have the patience to wait for things to turn around, TD is nothing short of a bargain with shares trading at just 1.2 times book, close to the lowest it's been in recent memory.

TC Energy

TC Energy is a Canadian way to play Warren Buffett's newfound bullishness on natural gas assets. The [out-of-favour midstream kingpin](#) is down around 20% from its pre-pandemic all-time high, with a 5.3% dividend yield. The company transports over 25% of North America's natural gas demand and is more utility-like than many other midstream operators that have been wildly volatile amid the collapse in fossil fuel prices.

At the time of writing, TC Energy stock trades at two times book value, 8.2 times cash flow, and 14.7 times next year's expected earnings, all of which are considerably lower than that of the stock's five-year historical average multiples of 2.43, 8.9, and 17.9, respectively.

With better geographic diversification than most other pipelines, among many other favourable characteristics, TRP stock, I believe, could prove to be severely undervalued at today's levels, as natural gas prices look to make a bounce from its cyclical low point over the next several years.

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2. NYSE:TRP (Tc Energy)
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