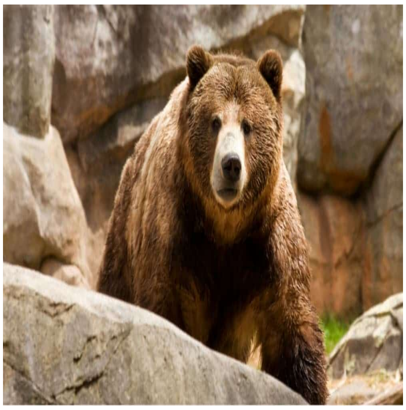

T2 Dividend Stocks in a Bear Market to Buy Right Now

Description

Going against the grain isn't easy, especially with stocks that have fallen into a bear market (a 20% peak-to-trough decline). But if you're a deep-value investor, it can literally pay dividends to go after the battered stocks that nobody else wants to own at any given instance in time.

The chances to pay three quarters to get a dollar are improved with stocks that have been oversold and overpunished by Mr. Market, who's been known to make mistakes with his pricing from time to time.

In this piece, we'll have a look at two attractive blue-chip **TSX** stocks that have fallen into a bear market and now sport dividend yields that are substantially higher than that of their historical averages.

Enbridge: A high-yielder that's stuck in a bear market

Enbridge (TSX:ENB)(NYSE:ENB) is down 33% and 25% from all-time and 52-week highs, respectively. The ailing pipeline kingpin has the highest dividend yield of the names on this list, currently standing at 7.42%.

While midstream companies have been feeling pain amid the COVID-19-induced collapse in oil prices, the high-quality energy transporters like Enbridge remain buys, even though a huge chunk of energy producers are now under pressure.

Unlike many energy producers, Enbridge is less sensitive to short-term commodity price moves and has an operating cash flow stream that's able to hold its own amid tough times. While regulatory hurdles are a pressure point for Enbridge, like most other midstream companies, it's important to remember that such hurdles act as a moat after they've been passed.

While delays and setbacks are likely to cause Enbridge stock to fluctuate wildly, over the long term, Enbridge is a wonderful dividend play that can continue growing its massive dividend.

With a shareholder-friendly management team, I find it unlikely that Enbridge will take its payout to the chopping block. As such, I'd urge income investors to scoop up the name while it's out of favour before its stock has a chance to bounce back and its yield to fall back to its mean level.

TD Bank: A premium bank with a not-so-premium multiple

TD Bank (TSX:TD)(NYSE:TD) is another premium company that's been battered amid the COVID-19 crisis. The big banks, including well-run conservative lenders like TD, are exposed to some of the weakest areas of the economy. While loan losses could continue swelling into year-end, I'm in the belief that a majority of the bad news is already baked in.

TD Bank may no longer possess a premium multiple relative to its peers, but make no mistake, it's still a premium bank. It just got dealt a brutal hand with this pandemic. As the economy heals from this pandemic, I suspect TD Bank could be one of the first banks to come roaring out of the gate in an upside correction. Soon enough, the banks will be moving on from "damage control" mode and will be back to growing EPS.

The top- and bottom-line outlook doesn't look good, with rock-bottom interest rates and sluggish margins. But with TD stock trading at 1.2 times book, I'd say income investors have an incentive in the form of the 5.3% yield to buy the stock while it's down 25% from its all-time highs.

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