4 Top TSX Dividend Stocks for Beginners to Buy in August

Description

Stock market volatility is not always bad. Large price swings often provide long-term investors with better opportunities, which is generally not possible in stable markets. Interestingly, some of the top **TSX** dividend stocks are trading way below their pre-pandemic highs. Apart from safe dividends, they offer decent growth prospects for the long term.

CIBC

Big Canadian banks are some of the strong financial institutions in the world. Top Canadian bank stocks have delighted their shareholders by maintaining or increasing their dividends in this grave crisis. One bank that offers an above-average dividend yield is the **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM). It yields 6% at the moment, nearly double than the **TSX** average.

Notably, CM stock was one of the fastest to recover in the pandemic relief rally. It has soared almost 50% since its record lows in March, beating bigger peers by a wide margin. At close to $99, CM stock looks cheap from the valuation perspective.

The pandemic-related weakness will dominate the stock in the near-term. But it may never fall around $70—its multi-year lows during the COVID-19 market crash. In a couple of quarters, the bank will likely return to pre-pandemic levels of profit, boosting the stock to record highs.

Interestingly, top Canadian banks will likely emerge stronger post-pandemic due to their strong balance sheets. CM stock stands tall right now due to its relatively higher yield and discounted valuation.

Canadian Utilities

Canadian Utilities (TSX:CU) has increased its dividends for the last 48 consecutive years—the longest streak for any Canadian company. Top utility stock CU is expected to pay dividends of $1.74 per share in 2020, indicating an annualized yield of 5.2%.

Investors generally switch to relatively safer—utility stocks when markets turn rough. That's because utilities generate stable cash flows in any economic condition and pay stable dividends.

CU stock is currently trading at a price-to-earnings ratio of 15x, lower than peers, as well as its historical average. Such a discounted valuation and a premium yield make it nothing short of a steal.

Great-West Lifeco

Shares of one of the biggest insurer **Great-West Lifeco** (TSX:GWO) were among the losers in the epic market crash in March. They have seen an unimpressive recovery in the subsequent broad market rally. What makes it attractive right now is its valuation and dividends.

It is expected to pay a dividend of $1.75 per share this year, which represents a dividend yield of approximately 7%. Investors should note that the company might not increase dividends due to regulatory requirements amid the pandemic.

Great-West Lifeco is one of the leading insurance and financial services companies with approximately 31 million customers. The company saw a positive impact on its earnings during the second quarter due to substantial market recovery. Surprisingly, the economic weakness driven by the pandemic had a minimal impact on its Q2 earnings.

Canadian energy giant **Canadian Natural Resources** is another great stock for investors in the Canadian energy space. When global energy giants trimmed or suspended their dividends during the oil market turmoil in Q2, Canadian Natural raised its payouts. It yields 6.5%, notably higher than peers. Its discounted valuation and juicy yield make it an attractive buy for long-term investors.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:CU (Canadian Utilities Limited)
4. TSX:GWO (Great-West Lifeco Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Investing

Date
2025/08/24
Date Created
2020/08/25
Author
vinitkularni20