3 TSX Dividend Stocks for First-Time Investors to Buy in September

Description

While naysayers kept bragging about a potential market crash, Canadian stocks kept soaring higher in the last few months. Some high-quality, dividend-paying **TSX** stocks still look attractive at the moment. Their discounted valuation and juicy yields make them nothing short of a steal.

So, if you are sitting on some cash, consider these stocks for their solid total return potential.

Royal Bank of Canada

The country's biggest bank by market cap, **Royal Bank of Canada** (TSX:RY)(NYSE:RY) fared relatively better during the fiscal third quarter of 2020. It reported $3.2 billion in net income, which was just 2% lower compared to the same quarter in 2019.

Investors should note that RBC set aside one of the lowest funds as provisions in Q3 despite being the country's biggest lender by assets. This indicates that its bottom line will likely be relatively resilient due to the high-quality loan portfolio.

Royal Bank stock has notably underperformed the **TSX Index** in the pandemic relief rally, which was in line with peer bank stocks. It looks attractive because of its discounted valuation and its juicy dividend yield of 4.3%.

Pandemic-related challenges will likely weigh on its business and its stock price in the near term. However, its dividends are stable, and the payout cut seems unlikely — at least in the near future.

Canadian Utilities

Utility stocks generally outperform in low interest rate environments. Investors switch to dividend-paying utilities in search of higher yields. **Canadian Utilities** (TSX:CU) is one top utility stock investors can consider at the moment.

CU stock yields more than 5%, higher than TSX utility stocks at large. It has increased dividends for the last 48 consecutive years. Such a long dividend streak is not unusual for utility companies. They generate stable and predictable earnings. So, they generally pay a higher amount of profits with shareholders in the form of dividends.

Canadian Utilities generates 95% of its earnings from regulated operations and the rest from long-term contracts. This makes its earnings even more stable and facilitates stable shareholder payouts.

Enbridge

Top energy midstream stock **Enbridge** (TSX:ENB)(NYSE:NYSE) again trended lower in the last couple of weeks. It has already lagged the TSX Index this year by a wide margin, losing 25% so far. Its underperformance could still be an attractive opportunity for long-term investors.

This $40 billion energy pipeline company carries 25% of the crude oil and 20% of the total natural gas needs of North America. Most of its earnings come from long-term, fixed-fee contracts, which make its earnings and dividends more stable.

Enbridge stock yields 7.6% at the moment, much higher than TSX stocks on average. It managed to increase dividends by 10% compounded annually for the last 25 years.

The energy infrastructure giant Enbridge will likely continue to pay stable dividends for years to come. Its unique set of assets, scale, and less correlation with volatile crude oil prices make its cash flows stable.

As oil prices normalize post-pandemic, Enbridge stock will likely reach its earlier highs, offering solid total return prospects.

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