3 Unstoppable Dividend Stocks to Buy in September 2020

Description

Halfway through September, the TSX Composite Index is on shaky ground. While we saw gains earlier this week, the two weeks prior were clear losers. Led by tech stocks, North American indexes took a big dip. The TSX was no exception, falling 2.89% in the two weeks ended September 11.

In this environment, many investors are worried about a coming correction. With stocks having hit new highs over a summer that saw many earnings misses, we may be in a bubble. Nevertheless, some stocks are looking good late in September — particularly dividend stocks, which never rallied as hard as their counterparts in the tech world. With that in mind, here are three unstoppable Canadian dividend stocks to buy in September.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) has been one of the best-performing Canadian dividend stocks over the past decade. Up 340% in just 10 years, it has absolutely smoked the TSX Utilities sub-index.

This year, AQN took a dip in the COVID-19 market crash. From top to bottom, it fell 37%. For the year, it's now up slightly, but is down 14.5% from its all-time high. Interestingly enough, though, its fundamentals appear to be okay. In its most recent quarter, AQN's revenue was flat, its GAAP EPS was up 83%, and its adjusted earnings were down 7%. Even going off the adjusted earnings figure, the company isn't doing that poorly. However, its stock remains down from February, and sports a 4.35% yield.

CN Railway

Canadian-National Railway (TSX:CNR)(NYSE:CNI) has been a solid market beater through the COVID-19 market crash. Trading at $142.5 as of this writing, it was up about 19% for the year. If you'd bought this stock at the bottom in March and held to today, you'd be up an impressive amount.

The thesis for investing in this company is different from AQN. Unlike AQN, CNR is definitely not “undervalued” by conventional metrics. Earnings wise, it actually got hit harder by the pandemic than AQN did, and it trades at nearly 30 times earnings. Instead, the thesis here is based on long-term stability. Thanks to its three-coast rail network, CN has a “moat” in long distance North American shipping. This has helped it weather many past recessions and will help it walk off the current one.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) is another solid long-term Canadian stock. It has soared over the past decade, rising more than 1,000%. That’s pretty impressive, yet the stock is modestly valued with a 14.56 trailing P/E ratio according to *Guru Focus*. Not only that, but the stock posted impressive growth in its most recent quarter, with earnings up 48% year over year. That *despite* fuel sales getting hammered by COVID-19!

Over the years, ATD.B has grown thanks to the underlying company’s rapid yet financially responsible expansion. Today, the stock sports a yield of 0.63%. That’s low, but ATD.B has one of the best dividend-growth track records on the TSX. It’s a solid dividend-growth stock by any standard.

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