



Got \$5,000? These On-Sale Dividend-Growth Kings Are Screaming to Be Bought

Description

If you've got an extra \$5,000 sitting around, it may make sense to start buying shares of on-sale stocks, despite surging coronavirus cases and U.S. election jitters, both of which threaten to pressure the broader markets heading into month's end. Indeed, investors may be in for [a spooky end to October](#), with a not-so-great technical picture that's shaping up, as investors await news of U.S. stimulus.

That doesn't mean the bargains that exist today should be passed up on, though. Not only could the final week of October be less spooky than expected, but the bargains that exist right now could stand to go against the grain by rallying in the face of another market-wide correction.

As legendary investor Howard Marks put it, if you spot a bargain, you should buy it.

This piece will have a look at two [compelling bargains](#) that Canadian investors should seek to buy, even in the face of what could be the scariest end to October in recent memory. The following names are cheap, and their discounts aren't guaranteed to last, even if a brutal sell-off were to hit tomorrow.

Consider **TD Bank** ([TSX:TD](#))([NYSE:TD](#)) and **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)), two dividend-growth kings that are just begging to be bought, as they look to flirt with their March lows over the coming weeks and months. So, without further ado, let's have a closer look at each name to see which blue chip is the better bargain for your buck.

TD Bank

TD Bank is still that premium Canadian bank with its less-volatile earnings stream, its once sought-after exposure to the U.S. market, and its terrific management team that knows how to mitigate risks like few others in the business. Amid the perfect storm of macro headwinds severely exacerbated by the coronavirus crisis, investors and analysts have finally turned against TD.

The premium price tag on shares is all but gone, and the stock is now sporting a valuation that's on par with some of its less-than-stellar peers in the Big Six. While U.S. exposure isn't as sought-after as it once was amid today's profound headwinds, I think that TD, Canada's most American bank, will regain

its premium to the peer group once this crisis finally ends.

If you're looking for a bountiful yield (5.32% at the time of writing) and above-average dividend-growth potential over the next five to 10 years, TD is nothing short of a screaming buy, and I find it absolutely ridiculous that the bank now trades at a similar price-to-book-value multiple (around 1.2) as the likes of a less geographically diversified **CIBC**.

TC Energy

The coronavirus crisis has decimated the energy sector. Many folks, including the likes of *Mad Money* host Jim Cramer, are incredibly bearish on the outlook for fossil fuels. With the rise of green energy, there's no question that all traditional energy stocks will be on the wrong side of a long-lived secular trend.

That said, the dirty-to-clean energy transition isn't going to happen overnight. Heck, it may take many years, if not decades, for green to outshine the fossil fuels. And that means old-school energy may have one last boom left in the tank. While the COVID crisis has weighed heavily on demand for oil and gas, I think we'll see some reversion in the mean demand for such commodities once the pandemic finally ends.

TC Energy is a midstream player that's the best of its breed. With a solid balance sheet and a relatively resilient operating cash flow stream, the company is well positioned to continue riding out the storm while rewarding investors with a generous dividend payout. Like TD, TC Energy is geographically diversified with terrific risk-mitigating managers running the show, making TRP stock worthy of a premium multiple to its peer group.

With shares on the retreat again, I'd scoop up shares today, as I view TC Energy as less of a traditional fossil fuel stock and more of a utility-like play with relatively stable cash flows. If you seek a bargain, now's a great time to lock in the 5.82% yield as you patiently wait for the tides to turn in the ailing energy space.

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1. Bank Stocks
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6. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. NYSE:TRP (Tc Energy)
3. TSX:TD (The Toronto-Dominion Bank)
4. TSX:TRP (TC Energy Corporation)

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Date

2025/08/26

Date Created

2020/10/20

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