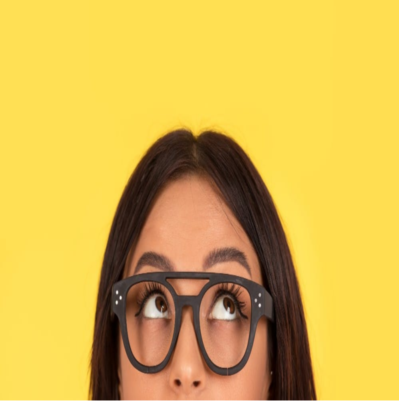

4 Top TSX Stocks to Buy for Long-Term Dividends

Description

One good reason to manage one's own personal investment portfolio is that investors get to mix and match outperforming stocks. This is particularly important at a time when whole sectors can underperform the market. Instead of allowing this or that index to drag down a portfolio, investors can pick out star performers. Today, we will look at two high-performance names that have been overshadowed by competitors of late.

Switching tracks with rail stocks?

Canadian Pacific Railway (TSX:CP)(NYSE:CP) often gets overlooked in favour of its better known competitor, **CN Rail** (TSX:CNR)(NYSE:CNI). But there are at least two good reasons why CP Rail could be a better buy in the long run.

CN Rail's 1.6% dividend yield is small but well covered with a low 47% payout ratio. This is a low-volatility play, as shown by a 36-month beta of 0.57. That's considerably lower than market weight. However, value-wise, CN Rail's prices is an unwieldy five times its book value.

CP Rail's P/B ratio of 7.6 times book is even more top heavy than CN Rail's. But the momentum is stronger with CP Rail, up 31.5% in 12 months to CN Rail's 16.8%. Despite the other facets of its data that fall short of CN Rail's, CP Rail could be a better pick for near-term upside.

However, there's one other positive factor to consider. CP Rail pays an even lower dividend yield than CN Rail of just 0.9%. But its payout ratio shows better coverage, at just 20%. And that could spell a win for long-term dividend-growth potential.

Another market share battle is heating up…

BCE (TSX:BCE)(NYSE:BCE) is one of three top telecoms names that dominate the Canadian market between them. That market share is pretty evenly split — at the moment. But it's clear that major competitor **Rogers** (TSX:RCI.B)(NYSE:RCI) could be getting into position to take the reins going forwards.

BCE's dividend yield of 5.8% is suitably rich. However, its payout ratio of 130% denotes a rather stretched coverage. Investors may be concerned about the outlook of 5G — in particular how fiercely competitive this space could be. This might not combine so well with certain other weak points in BCE's data, such as a 1.2 debt-to-equity ratio. However, BCE has on thing going for it that may be getting overlooked.

That element is *focus*. While BCE has lost revenue from a general drying up of advertising in 2020, it has fewer balls in the air than, say, Rogers. To take Rogers as an example, there's the sidelining of sports teams, and the attendant slowdown in sports media to worry about. While these will no doubt factor into a hopeful recovery rally, such a phenomenon could be some time coming.

Both stocks are much of a muchness when it comes to value. For instance, both Rogers and BCE trade with a P/B ratio of three times book. But if balance sheets keep you up at night, it may be worth noting that Rogers's debt to equity is double. There's it's lower yield to factor in, too, at 3.3%. While BCE has other irons in the fire — consider its strong digital media presence — it's arguably a more focused business.

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vhetherington