5 Top TSX Dividend Stocks With Upside Potential in 2021

Description

All-weather stocks can be fairly hard to spot. Some offer moderate upside and some offer protection on the downside. These kinds of characteristics are rare to find under one roof. But today, we will take a quick look at five such stocks that trade on the TSX. From wide economic moats to recovery potential, these names pack passive income, share price growth, and defensive qualities.

Mixing growth with defensive properties

Green power investing has been given a boost by the imminent change of faces at the White House. The increasingly divisive U.S. political scene is serving up a broadly conservative outlook shot through with some progressive upside. Dividend yields could be richer, but it's still relatively early days yet for green power. For instance, investors can choose between **AQN's** 4% yield and **Northland Power's** yield of 2.7%.

Speaking of renewables, does anybody have **Enbridge** on their 2021 growth stock bingo card? Because Enbridge could potentially see as much as 50% annual earnings growth over the next one to three years. And yes, Enbridge does also satisfy a green power investing strategy to a degree. By packing a wide economic moat with diversifying green power credentials, Enbridge can appeal to a vast swathe of investor types.

Other household names could also see big upside in 2021 as well. **Manulife Financial** could come back stronger in the second half of next year. This kind of time frame fits with a generally expected beginning of an economic recovery. The pandemic has been hard on financials in general. But insurance has had an especially rough ride in 2020. The recovery thesis therefore sees names such as Manulife emerging with some growth ahead.

Mixing the comeback potential of Manulife with Enbridge's defensive market domination, investors have a strong one-two punch in terms of dividend strength. The insurer's yield of 4.8% is backed up with below-book value and thus the promise of capital appreciation. Team this with Enbridge's rich yield of 7.8% and shareholders have a winning combination well placed for a recovery market. This play matches passive income with capital gains plus recovery upside.

The steady-rolling rail stock

Year on year, **CN Rail** shares have appreciated by an impressive 16.8%. That's not bad, considering that this stock is so closely tied to the Canadian economy itself. In fact, any growth in this tightly controlled space is testament to a canny management style. CN Rail has quickly acclimated to the changing needs of mid-pandemic Canada. This stock also ticks the box for investors eyeing a more positive North American trade environment than the last four years have brought.

In summary, though, any coming bull market won't just be driven by progressive trends. It's also going to be driven by a touch of relief — relief that those proposed big corporate tax cuts likely won't get past the Senate. So, on the one hand, the green power and pot stock momentum has been given a boost. While on the other, corporate considerations are still being met. In short, once the pandemic eases, a truly unique bull market could emerge.

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