



Top Picks 2021: 3 Dividend Darlings I'd Buy on the Dip

Description

A new year means another \$6,000 contribution to your Tax-Free Savings Account (TFSA). If you're like many Canadians wondering where to invest the funds, I'd like to point you to three dividend darlings currently in the penalty box.

Without further ado, consider **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)), **TD Bank** ([TSX:TD](#))([NYSE:TD](#)), and **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)), three hard-hit blue chips that sport bountiful yields of 6.2%, 4.4%, and 3.5%, respectively. Each name is down 32%, 10%, and 28%, respectively, from their all-time highs.

This piece will have a closer look at each dividend darling to see which, if any, is most deserving of a spot in your TFSA portfolio.

TC Energy

If you want to beat the markets consistently (yes, it can be done), you've got to look to the bruised areas of the market that nobody else would consider. The ailing energy scene headed into the [COVID-19 crisis](#) in a position of tremendous weakness. The pandemic served as salt in the wounds of an already ailing industry.

Mad Money host Jim Cramer is not a fan of the fossil fuel plays, going as far as to say that the oil stocks were in the "death knell" phase a year ago. Thus far, the man's bold call has looked to have proven right. The green plays have also nudged the oil stocks off a cliff. That said, the damage in the midstream players has been overdone, especially with TC Energy, a pipeline that I believe is the best of the batch.

You see, TC Energy is a diversified energy transporter. Both geographically diverse and diverse with respect to the liquids that the firm transports. The stock suffered a big blow from the COVID-19 crisis, but will be in a spot to recovery in late 2021 or early 2022, as we gradually return to normalcy and energy headwinds fade.

TC Energy is a magnificent pipeline that looks dirt cheap, with a great dividend, making it one of my top picks for 2021.

TD Bank

One [major takeaway from 2020](#) is that Canadians should never bet against the Canadian banks. TD Bank and its Big Six peers have been soaring of late. While the momentum has slowed down to the end of 2020, there's immense value to be had in some of Canada's top financial institutions. With the worst of the COVID-19 crisis now in the rear-view mirror, the focus will shift from surging provisioning to earnings growth, once again.

Of course, this worsening pandemic could send TD, Canada's most American bank, back in reverse before the stock breaks out past all-time highs, which is just under 10% away. If you've got a stomach for volatility, TD Bank remains one of the better dividend darlings to bet on for the long haul. The 4.4% yield is bountiful and is likely to grow quickly on the other side of this pandemic.

Restaurant Brands

Finally, we have Restaurant Brands, an unloved fast-food behemoth behind three powerful brands in Tim Hortons, Burger King, and Popeyes — the latter of which, I believe, has growth prospects that are being discounted by investors amid this crisis. Sure, Popeyes contributes a small chunk of the overall pie right now. But over the next five years, the fried chicken franchise will do more heavy lifting and eventually, the chain could be as big of an influencer as its two peers in the Restaurant Brands basket.

Today, all you're likely to hear are the negatives when it comes to QSR stock. The woes at Tim Hortons' shuttered dining rooms, and how QSR pales in comparison to **McDonald's** on the tech and resilience front. With modernization efforts going on at QSR, I do not expect that QSR's discount to the peers group will remain. While QSR may be a laggard now, I think it'll be one of the biggest winners in the fast-food scene once COVID-19 is crushed and it's time to reopen (for good this time).

I'd collect QSR stock's fat dividends and wait for things to normalize.

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TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. NYSE:TRP (Tc Energy)
4. TSX:QSR (Restaurant Brands International Inc.)
5. TSX:TD (The Toronto-Dominion Bank)
6. TSX:TRP (TC Energy Corporation)

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