



2 Top High-Conviction TSX Dividend Stock Picks for 2021

Description

Those looking for income-generating gems on the **TSX** certainly have their fair share of companies to choose from. There are a lot of great companies with great yields trading in Toronto right now. That said, I've simplified this list down to my top three picks for income investors only. These are some of my highest conviction picks today. Additionally, I think these companies are likely to stand the test of time and perform the best in poor market conditions.

If you're worried about a market crash or heightened volatility on the horizon, these stocks are definitely for you.

Fortis

As far as dividend players go, few companies can compete with **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) right now. The company's business model is highly defensive, creating extremely safe long-term cash flow growth for investors. Until folks stop heating their homes, Fortis will continue to bring the bacon home for investors.

I think 2021 could be a year we finally see money [rotate out of growth stocks and into value plays](#). In this regard, I think Fortis could be a key beneficiary of such a rotation. This is a stock that is priced fairly right now, but is far below where I see Fortis' true value at right now. Fortis deserves a premium much higher than what is ascribed right now. The bond-like dividend yield of 4% offered by Fortis is far too high given the safety of this stock. Investors should snap shares up while they're still so cheap!

Algonquin Power

One of my perennial top picks in the dividend space is **Algonquin Power & Utilities Corp.** ([TSX:AQN](#))([NYSE:AQN](#)). I think this is one of the highest-quality dividend payers in Canada, with the business model and fundamentals to support long-term growth. The vast majority of this company's business is in the regulated utilities space.

That said, renewable power accounts for roughly one-third of Algonquin's business and is poised for some serious growth. This is a segment Algonquin has done well to target in the past with well-timed acquisitions.

The growth profile of this utilities player is unmatched. Accordingly, I see a real path forward to outsized capital appreciation and dividend growth over time. Algonquin is one of my highest conviction picks for those with long-term growth needs as well as income needs. This stock's 3.7% yield factors in a significant amount of growth, though I still think shares are undervalued at these levels.

For those with a fear of missing out from the growth trade we've see go bonkers this past decade, Algonquin is a great way to get growth and yield at the same time.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:FTS (Fortis Inc.)

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