2 TFSA-Worthy Dividend Stocks I'd Buy With $6,000

Description

If you're like one of many Canadian investors who hasn't contributed or invested your 2021 Tax-Free Savings Account (TFSA) contribution of $6,000, now is as good a time as any to do so with a potential economic recovery on the horizon and (hopefully) an end to the horrific COVID-19 pandemic.

While some concern has been raised by some pundits and sell-side analysts over the possibility of a painful correction that could happen at some point in the first half, I'd argue that there are undervalued areas of the market that can help TFSA investors limit their damage if such a correction were to hit.

Now, it's always a good idea to have some dry powder on the sidelines to take advantage of such buying opportunities. But if you're already overweight cash, I'd argue that it's a better idea to scoop up the bargains you see today, with less consideration for where you think the markets are headed next and when the pundits think the next big market drop will be. Like it or not, waiting for the next sell-off to invest is timing the market, which is typically a bad idea unless you've got a crystal ball handy.

Without further ado, consider using your TFSA to invest in **TD Bank** (TSX:TD)(NYSE:TD) and **Telus** (TSX:T)(NYSE:TU), two Canadian blue-chip dividend stocks that, I believe, could be in for a big year, with or without a vicious market crash or correction thrown into the equation.

A top bank pick for TFSA investors

As Canada's most American bank, TD Bank has typically been viewed as a premier, geographically-diversified bank deserving of a premium price tag. After the COVID-19 crisis struck the world, though, TD Bank's premium faded, and the stock was eventually discounted to some of its peers in the Big Six basket.

Suddenly, TD Bank’s previously sought-after U.S. exposure was no longer worth paying up for, as political risks encouraged some analysts to turn their back against the name at what turned out to be the worst possible time. While hindsight is, indeed, 2020 (please forgive the pun!), I encouraged investors to take the slew of analyst downgrades with a fine grain of salt back in October and not to discount TD Bank’s rich history of bouncing back from horrific crises.

TD Bank has put the **TSX Index** to shame over prolonged periods. Once we return to a normalized environment, I think TD will be right back to commanding a larger premium over its smaller brothers in the banking scene for its U.S. exposure and its less-volatile retail banking business. For now, TFSA investors can grab TD stock at just 1.5 times its book value.

A winner that will keep on winning

Telus is a Canadian blue-chip that outclasses its telecom peers amid the coronavirus crisis. The company may have been fortunate not to have a media business that would have exacerbated COVID-19 headwinds. Still, a huge reason for Telus’s relative outperformance in 2020 was due to the incredible managers running the show. They navigated through the COVID storm better than their industry peers, and the dividend stock now reflects such.

With shares of Telus just 2% away from pre-pandemic all-time highs, Telus looks pretty pricey versus its peers. However, I’d argue that shares aren’t pricey enough, given recent numbers that I believe suggests Telus is winning the competitive battle in western Canada. The company is winning big with its wire line business, and I think it’ll continue doing so on the other side of this pandemic.

With a Telus International carve-out business on the horizon and a potential end to the pandemic approaching, there’s a lot for TFSA dividend investors to look forward to with the name, as it looks to make up for lost time.

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