2 Canadian Stocks I'd Love to Buy in February 2021

Description

If I had extra cash right now, I would love to buy these two Canadian stocks in February 2021. They offer a good mix of value, stability, and growth.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) stock is suitable for most investors. New investors would find the top Canadian dividend-growth stock to be relatively easy to hold on to. In fact, the diversified regulated utility can easily be a buy-and-forget stock due to its predictability and dividend income every three months.

Like clockwork, Fortis has increased its dividend for 47 consecutive years with a one-, three-, five-, and 10-year dividend growth rate that's approximately 6%. You guessed it! Over the next five years, it plans to continue increasing its dividend by about 6% per year on average.

Notably, buyers of Fortis stock today are paying a reasonable price for the shares. This means you can pocket reasonable price gains and a nice dividend yield. At about $52 per share at writing, you can start off with a roughly 3.9% yield, and your yield on cost will grow to about 5.5% in five years.

Brookfield Asset Management

Global alternative asset manager **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM) is going to become more valuable. Due to the low interest rate environment, there will be a greater demand for its offerings, as institutional and retail investors around the world seek greater returns.

As a quality manager, owner, and operator of a diverse range of assets, BAM develops in-house operating expertise. However, as is demonstrated in the Oaktree acquisition in 2019, it's open to bringing in external talent when it makes sense.

Like BAM, Oaktree has a value-driven, contrarian investment style with a focus on downside protection of capital. As experts in global credit asset management, Oaktree's existing management and investment teams continued to run the Oaktree business that had US$120 billion of assets under management at acquisition time.

Needless to say, Oaktree benefits from the pandemic-induced recession from economic shutdowns because it also manages distressed debt.

The bottom line is Brookfield Asset Management is super diversified with investments in real estate, infrastructure, renewable power, private equity, and credit. It will be spinning off and expanding its reinsurance business soon. Personally, I plan to hold onto those shares, watch them grow, and perhaps add to them opportunistically.

Importantly, the stock is starting to tick up again, but it still offers good value. BAM aims for returns of 12-15% in the long haul. The stock itself is undervalued by about 17% with near-term upside potential of approximately 20%. Therefore, investors could earn market-beating returns of +15% per year over the next five years by buying BAM shares today.

The Foolish takeaway

Both Fortis stock and BAM provide safety of capital for long-term investors. The stocks are trading at good valuations and the underlying businesses are set to become more valuable over the next decades. So, you can expect to generate good total returns from them. They also tend to increase their payouts over time. BAM pays a smaller yield of about 1.2% but its payout will grow at a faster pace than Fortis.

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