3 TSX Dividend Stocks to Buy for Income and Growth

Description

While the **TSX Index** may be on the higher end of the valuation range depending on the metrics you're looking at, don't think for a moment that there's no value to be had. This piece will have a closer look at three Canadian dividend stocks that can provide a good blend of (safe) passive income and growth over the long-term.

Without further ado, consider **Telus** (TSX:T)(NYSE:TU), **BCE** (TSX:BCE)(NYSE:BCE), and **SmartCentres REIT** (TSX:SRU.UN), three passive income bargains that currently yield 4.7%, 6%, and 7.8%, respectively. Let's have a closer look at each dividend stock to see which, if any, is a good fit for your portfolio.

Telus

Telus has done an incredible job of managing through the pandemic. Telus stocks' relative outperformance has already been reflected in the share price, which is just over a percentage point away from hitting its all-time high hit before the coronavirus crash.

As the pandemic drags on for another few quarters, Telus is poised to pull ahead of peers further and think shares deserve to trade at a premium multiple of 25.5x trailing earnings. The recent spin-off of **Telus International**, I believe, makes an already strong telecom even stronger and would encourage investors to accumulate shares if they seek a dividend grower that'll keep on winning.

The company has been taking major share away from **Shaw Communications** in the battle for the west, a trend I suspect will continue as the next generation of telecom tech rolls out.

BCE

Sticking with the telecom theme, we have behemoth BCE. While BCE's growth profile pales in comparison to the likes of a Telus, I still think the swollen dividend yield and depressed valuation are reasons to prefer the stock over its growthier little brothers.

BCE's payout is as safe as is bountiful. Although BCE has been feeling the pain of the COVID-19 crisis across the board, I still think the stock is severely undervalued, given the recovery trajectory. I think BCE will be far quicker to bounce back to pre-COVID levels than most expect. And for that reason, I'm a big fan of shares while they're still in the gutter, as it continues to navigate through another wave of this horrific typhoon.

The stock trades at 22 times earnings, 2.1 times sales, and 3.0 times book, all of which are slightly lower than the integrated telecom service industry average.

SmartCentres REIT

SmartCentres REIT is one of the most misunderstood real estate plays on the TSX.

The retail REIT is best-known for its **Wal-Mart**-anchored strip malls, which have generated a good amount of foot traffic even amid the worst of this pandemic. The death of the shopping mall thesis may make SmartCentres seem like a pretty reckless buy on the dip. But when you consider the REIT's high-quality tenants and Wal-Mart's ability to attract mall-goers like a magnet, only then does the opportunity to be had in battered shares of SRU.UN become more apparent.

Rent collection has shown signs of normalization in 2020. And while COVID variants could pressure the payout again, I ultimately believe that the near-8%-yielding distribution will survive this crisis thanks in big part to the essential retailers it houses.

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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:TU (TELUS)
3. TSX:BCE (BCE Inc.)
4. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)
5. TSX:T (TELUS)

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