



2 Great Canadian Dividend Stocks to Buy in 2021

Description

While most others look to the “sexiest” of momentum stocks, I’d much prefer scooping up “Steady Eddie” Canadian dividend stocks for the uncertain road that lies ahead. In this highly-uncertain pandemic-plagued environment with rock-bottom interest rates, prospective returns definitely seem lower for the next decade than the last. That doesn’t mean you should join the herd into riskier stocks for a shot at better returns, though, as you could get into trouble once volatility has a chance to make a comeback.

Some very smart people, including [Warren Buffett](#)’s right-hand man Charlie Munger, have noted of a “lack of bargains” in this environment. With the speculative frenzy going on in the background, one must resist the urge to be complacent and only swing at pitches that you believe will give you the best odds of knocking one out of the ballpark.

Buy them...

In this piece, we’ll have a look at four great Canadian dividend stocks that have faded into the background amid the recent frenzy. Popular meme stocks bid up by popular subreddit WallStreetBets (WSB), white-hot cryptocurrencies like Bitcoin, and “bubbly” electric vehicle plays like **Tesla** have all hogged the media spotlight for many months.

Meanwhile, the bluest blue chips have taken a backseat despite some of them sporting valuation metrics that are now on the lower end of the historical range. It’s these such stocks that I believe hold the greatest opportunities amid this “frothy” growth-fuelled market rally.

Although I have no idea when the next growth-to-value rotation will be, if we’ll even be in for one, I’d personally much rather take a step back with some of the less-loved names that could better hold their own once the next market crash or correction inevitably hits us.

Bargains hidden in plain sight?

Without further ado, consider **TD Bank** ([TSX:TD](#))([NYSE:TD](#)) and **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)), two dividend stocks that I view as major bargains that are hiding in plain sight.

TD Bank

Never bet against the Canadian banks. Many learned that the hard way last year, as the top banks bounced back abruptly after falling off a very steep cliff. TD Bank, Canada's most American bank, I believe, is one of the better banks for your buck at this juncture. Come the post-pandemic environment, I see TD Bank stock regaining its premium, as its American exposure turns from a sore spot to a major strength over its more domestically focused peers once again.

The stock trades at 11.7 times trailing earnings with a bountiful and safe 4.2% yield. Although TD stock has already recovered from the COVID-19 crash, I do think there's a pretty strong case for the stock to break out to new all-time highs, as valuations across the board continue inching higher in anticipation of an epic economic rebound.

TC Energy

The pipeline stocks look uninvestible here amid continued pressures faced by [the ailing fossil fuel industry](#). TC Energy, one of my favourite midstream players for its gushing cash flows and its geographically-diversified mix of assets, has been feeling immense pressure in recent months. With U.S. President Joe Biden giving the Keystone XL pipeline the thumbs down, investors appear ready to give up on TRP shares.

The Canadian dividend stock is flirting with its 52-week lows again. But I still think there's ample value to be had for long-term investors seeking a large, well-covered dividend (6% yield) and a ridiculously low price of admission.

Sure, TC Energy doesn't have a lot going for it now with Joe Biden in the Oval Office. Still, there's no denying the depressed price of admission (11.6 times earnings and 1.8 times book) and operating cash flows that are likely to support 5-10% in annualized dividend growth over the next five years or so.

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2. NYSE:TRP (Tc Energy)
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