3 Top Dividend Stocks to Buy for March 2021

Description

Everyone's expecting a market correction thanks to stocks being overstretched on valuations. However, there are a few stocks that should be able to hold their own during a recession or a market downturn, especially in the food and grocery space. Downturn or no, people still need to eat. Here are three stocks that delivered during the pandemic, and there's no reason to believe they won't do so again.

Dollarama

Dollarama (TSX:DOL) has a massive presence across Canada with 1,300 retail stores, and that has helped it derive a 1,000% return to its investors in the last decade. The company isn't done with its expansion plans yet and aims to reach 1,400-1,700 stores in the next six years.

Dollarama has all the attributes of a recession-proof stock and can be a great long-term pick for investors looking for retail stalwarts. Despite the global pandemic, the company's sales for the last quarter grew 12.3%, including a 7.1% increase in same-store sales. Apart from that, it awarded investors with an EPS of $0.52 per diluted share and increased the quarterly cash dividend payment by 6.8%.

The stock appears quite expensive if you look at its growth rate of 10% last year. However, its tendency to remain resilient in uncertain situations and the superior past performance proves the premium cost is worth it.

Metro

Metro (TSX:MRU) is a leading grocer and pharmacy operating in the Ontario and Quebec region. Despite facing tough times, this one also remained relatively resilient to the pandemic and therefore is perfect for the risk-averse category of investors.

It can also be a preferred stock for those investors who look for defensive companies that offer dividend payments. The $14.48 billion company offers a moderate 1.54% dividend yield and, in the latest quarterly report, has increased the payout by 11.1%.

Because of the pandemic, the company's latest financials are not very exciting but are relatively stable. Sales for the quarter were up by 6.2% compared with the prior-year period. Same-store sales for the food segment and pharmacy segment saw a 10% and 1.3% growth, respectively. Most importantly, unlike most other retail stores, Metro managed to increase its adjusted net earnings by 9.3% from the last quarter while the adjusted diluted EPS grew by 11.3%.

This grocer is a good buy for investors who don't like volatility in the markets.

Maple Leaf Foods has a forward dividend yield of 2.7%

Maple Leaf Foods (TSX:MFI) is a food company that deals with both meat-based and plant-based protein. The company reached massive popularity in 2017 when it came out with plant-based protein alternatives. The stock is a good investment option, as it has been profitable in four out of the five proceeding quarters.

Its September quarter, financials showed sales had increased by 6.2% compared to the last quarter and by 8.5% on a year-over-year basis. The net profit also rose to $66 million from $13.4 million in Q3 of 2019.

Additionally, its strong brand reputation and the mass availability of products in supermarkets across the countries ensure the company's sales do not experience a steep decline. Maple Leaf Foods is still undervalued given its forward price-to-2021-earnings multiple of 20.2 and its earnings growth estimate of 28.6% this year.

Analysts covering the stock have a 12-month average target price of $34.25, which is 44% above the current trading price.

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2. TSX:MFI (Maple Leaf Foods Inc.)
3. TSX:MRU (Metro Inc.)

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