2 Top Dividend Growth Stocks I'd Buy Right Now

Description

Dividend stocks and value plays haven't looked this out of favour in a while, thanks to the pandemic-plagued environment that's favoured growth over all else. With bond yields steadily rising, dividend stocks are looking that much less attractive through the eyes of the growth-hungry crowd.

That said, valuations on value and dividend stocks are skewing towards the lower end of the historical range. While dividend and low-growth stalwarts may be at a disadvantage relative to their growth counterparts moving forward, I'd argue that the depressed valuations to be had in cheap dividend plays are actually better bets over the white-hot growth plays, which are more likely to feel the most pain come the next market correction or sustained growth-to-value rotation.

In this piece, we'll look at three Canadian dividend stocks I'm keeping on my personal radar. Each name has been on the downtrend of late, and I intend to scoop them up on further weakness going into the latter half of 2021.

Bank of Montreal

Canadian bank stocks have been heavily out of favour for many years now. As they look to make the move from loss provisioning to earnings growth, though, they're starting to look like must-buys again, even in a "lower for longer" interest rate environment that could stand to thin net interest margins (NIMs) for many years to come.

While the big banks won't make you rich overnight from a short-squeezing herd of buyers, they will help you build wealth at an above-average rate over the long run. **Bank of Montreal** (TSX:BMO)(NYSE:BMO) looks like one of the best banks for your buck at this juncture after climbing out of the depths of March 2020.

BMO stock nearly got cut in half because its loan book paled compared to its peers in the heat of the moment. BMO had more than its fair share of oil and gas (O&G) loans, and for that reason, the stock was punished to a greater extent than its peers.

The damage done to BMO was overblown beyond proportion, and while the stock isn't the massive steal it few a few months back, it's still dirt cheap, given the rising rate environment we could be in for come 2025.

Restaurant Brands International

Restaurant Brands International (TSX:QSR)(NYSE:QSR) has some of the most cherished chains in the fast-food world in Popeyes Louisiana Kitchen, Tim Hortons, and Burger King. While the company has been under pressure amid the pandemic, I find it absolutely ridiculous that the stock hasn't yet recovered to pre-pandemic highs given the recovery trajectory on the horizon and management's commitment to modernizing its drive-thrus.

Sure, Restaurant Brands' mobile, delivery and drive-thru infrastructure isn't at the level of some of its top peers in the quick-serve space right now, but do the firm's shortcomings warrant such a steep discount on the stock versus its peers? I don't think so.

The fact that management has committed to modernizing its existing locations, I believe, speaks worlds to where QSR is headed. Even if QSR is due for another weak quarter or two due to COVID headwinds, investors need to jump in here if they're looking for deep value. Once the pandemic is over and Restaurant Brands is firing on all cylinders again, the stock will have already corrected to the upside.

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