1 Top Canadian Dividend Stock I'd Buy and Hold Through 2021

Description

The stock markets, as a whole, may be a tad on the frothy side, even after the latest tech-driven correction, but for stock pickers, there are plenty of top Canadian dividend stocks to scratch your value itch. You've just got to know where to look for "real" value. With a potentially booming economic reopening on the horizon, I'd look to have a preference for the value and cyclicals. That said, I wouldn't neglect growth stocks, even as the 10-year U.S. Treasury note yield continues its ascent towards 2%.

While I expect cheap Canadian dividend stocks (or value plays) will outperform in 2021, I wouldn't say this is the beginning of the end of growth's run. Sure, higher bond yields are bad news for growthier firms with profits that are way out in the future. That said, the bond market, like the stock market, can be an unpredictable beast that one should not attempt to time over the short term. As such, investors can expect rotations and reversals to continue happening throughout the so-called roaring 2020s.

You wouldn't time the stock market; why time the bond market?

Right now, value is in; growth is out. There's no telling what'll be hot through the rest of 2021. That'll ultimately depend on the trajectory of U.S. bond yields, which, like stocks, could be headed either way. There are too many variables to make a right prediction at this juncture.

As such, I think it's only prudent to hedge your bets. That means betting on beaten-down growth stocks in case we're due for a rotation reversal while also scooping up neglected value plays that could continue to run if it turns out we're still in the early innings of this growth-to-value rotation (I think the rotation is mostly over, but I could very well be wrong).

Without further ado, let's get right into the top Canadian stocks I'd buy and hold through what's likely to be nothing short of a volatile year.

BCE: A top Canadian dividend stock for 2021 and beyond

BCE (TSX:BCE)(NYSE:BCE) is a Canadian telecom behemoth with a huge dividend payout (6.3%

yield) and a commitment to investing in the future of telecom tech. The firm recently boosted its dividend, its capital spending plan (to double its 5G coverage), and it's clear that management is not about to put its foot on the brake anytime soon in spite of COVID-19 headwinds that are still very much real.

Management's willingness to spend and reward shareholders at the same time, I believe, shows tremendous confidence in the post-pandemic recovery trajectory of Canada's top telecoms. I've stated it before, and I'll repeat it: telecom stocks will be among the first to bounce back from this crisis once the page is turned on this pandemic.

Based on the actions of BCE's management team and Warren Buffett, I'd say the telecoms are among the best undervalued Canadian dividend stocks on the TSX. So, if you seek a deep-value play at a discount to its intrinsic value, look no further than BCE. The dividend is ripe for picking, and it's going to keep on growing as management doubles down on the 5G opportunity at hand.

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Author
joefrenette