1 Top TSX Dividend Stock to Buy As Value Outshines Growth

Description

The biggest **TSX** winners of 2020 are now some of the worst losers of 2021 and vice versa, with TSX value and dividend stocks now in the driver's seat. These days, inflation jitters and rising rates are at the top of the list of things to fear. The U.S. Federal Reserve may be pressured to hike rates far sooner than expected (perhaps in mid-2022, rather than early 2024).

Fed chairman Jerome Powell may also have to be a tad more hawkish with his commentary as policies look to take a drastic turn. While the recent rotation out of growth has been quite pronounced in the first five months of the year, there's still no telling if and when it'll be over as investors rush to make moves before the Fed has a chance to pivot.

The tug of war between growth and value in 2021

With consumer prices surging above 4%, investors are spooked, with unprofitable growth stocks taking the biggest hits to the chin. With inflation worries close to the highest they've been in recent memory, the biggest risk right now is a Fed-induced panic.

There's no question that Chairman Powell's job is starting to become a heck of a lot harder. But will the recent round of much-higher-than-expected CPI numbers be enough to push the man to reverse his decision to not even think about raising rates? Or will the Fed maintain their dovish stance due to the much-lower-than-expected employment numbers?

The latter scenario would punish savers and dip-buyers in hard-hit growth stocks could walk away as massive winners from the recent damage in tech and growth stocks. On the flip side, the former scenario could bring a world of pain to already battered investors who refused to take profits in their "sexiest" tech stocks last year.

The case for rotating into TSX dividend stocks

Given that many beginners are probably biased towards high-risk, high-growth securities, I think it'd be wise to bring their portfolio back into balance with neglected value names. So, without further ado, let's have a look at top value plays that can help you weather a continuation of this growth-to-value rotation, which could intensify over the coming weeks and months.

In order to profit from the coming volatility storm and profit from a further inflation-driven rotation, aim for large, growing dividends. That way, you'll be better equipped to weather any unchecked bounces in inflation.

Long-time TSX laggard turned outperformer

Enter **Great-West Lifeco** (TSX:GWO), an underrated Canadian insurer whose shares are on the verge of a multi-year breakout.

The Canadian financial is well diversified at the international level, with exposure to Canada, the U.S., and Europe. With meaningful traction in insurance and wealth management, I don't think the name gets nearly the amount of coverage it deserves, especially after the stock's latest run out of those May 2020 depths.

After having surged over 85% off its lows last year, the $34.2 billion company finds itself at the intersection between momentum and value. Despite the recent rally, shares trade at a depressed 10.3 times earnings, making Great-West one of the lower cost ways to profit from a continued rotation from over-hyped, unprofitable growth stocks back into old-fashioned value.

Foolish bottom line

With the name recently hitting its 2007 high, I'd look to load up on shares today, as investors continue to favour boring, bountiful stocks over chasing momentum in the fastest-flying names.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:GWO (Great-West Lifeco Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/07/07
Date Created
2021/05/17
Author
joefrenette