



Canadian Investors: Here Is 1 of the Best Dividend Stocks to Buy Right Now

Description

With the recent split between growth and value stocks, Canadian investors have many [options](#) right now. In this piece, we'll have a closer look at one of the best stocks I'd look to buy as we spring into summer.

Enter **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)), a pipeline darling that's drastically fallen out of favour over the past year. The stock sports a bountiful and well-covered 5.7% dividend yield and has fallen in the shadow of its top midstream peer **Enbridge**, which seems to be more to the [liking](#) of Canadian investors for its juicier yield, which now sits well above the 7% mark.

Massive dividend yields for contrarian Canadian investors

TC Energy is so much more than just a lower-yielding pipeline stock. Shares have begun to pick up considerable momentum in recent months. It certainly seems as though many folks have moved on from the disappointment that is the cancellation of the Keystone XL pipeline.

There's no question that the axing of Keystone dealt a big blow to TC Energy. That said, Canadian investors have much more to look forward to, as the firm has a pipeline full of intriguing cash flow-generative growth projects that will likely keep TRP stock (and its dividend) trending higher over the next few years.

TC Energy: An underrated pipeline that may be one of the best stocks to buy right now

TC Energy really deserves to trade at a premium price tag for having posted a full recovery from the 2014 downturn in energy prices. TC is well diversified geographically, with services provided to the U.S., Canada, and Mexico, and with respect to the energy its transports. The company doesn't just move oil; it moves natural gas and is also involved with power transmission and generation.

Fossil fuels may be on the wrong side of a long-lived secular downtrend. But natural gas is unlikely to fall out of favour nearly as drastically as some of the filthier fossil fuels like coal over the next decade and beyond. Natural gas will play a major role as a future energy source, especially in Mexico. TC Energy is a terrific way to play growing natural gas demand in Mexico. The company has enviable growth projects that are a great diversifier beyond just oil transportation in Canada and the U.S.

The 5.7%-yielding dividend is very bountiful, and it's a position to grow at a mid- to high single-digit rate through 2026. If commodity prices continue to boom, I wouldn't at all be surprised to hear management up their dividend-growth guidance within the next 18 months. Naturally, as natural gas and oil prices move higher, so too will the outlook for TC Energy. Although, it is worth noting that the pipelines aren't nearly as sensitive to near-term fluctuations in commodity prices that are to be expected along the way.

The Foolish bottom line for Canadian investors

At the time of writing, TC Energy stock trades at 14.6 times forward earnings, 2.2 times book value, 4.6 times sales, and 8.3 times cash flow, all of which are lower or in line with that of its five-year historical average multiples. Given the more favourable environment that lies ahead, I'd argue that TC Energy stock has a lot more room to run, as it looks to be re-valued to the upside. Perhaps the rotation out of speculative tech stocks back into high-yielding value stocks will work in TC Energy's favour going into year's end.

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