3 Top TSX Stocks With Dividends to Buy Today

Description

There are plenty of dirt-cheap dividend stocks on the TSX that have mostly gone ignored by Canadian investors who were more inclined to buy the dip in hard-hit growth stocks. In this piece, we'll have a look at four TSX stocks with handsome dividends that you should consider buying and holding for 2021 and beyond.

Manulife Financial

Manulife Financial (TSX:MFC)(NYSE:MFC) is back on the retreat after failing to break out past its 2020 pre-pandemic high. With one of the most compelling Asian growth stories in Canada, I think investors would be very wise to buy the name on this latest dip. The TSX stock is off 10% from its 52-week high, despite the "Roaring '20s" environment that lies ahead. The stock trades at 9.3 times earnings with a juicy 4.5% dividend yield, making it one of the more bountiful, lower-cost financials out there.

Over the coming years, the booming Asian market could move the needle in MFC stock, as it looks to meet the growing demand for wealth management services and insurance products. If you lack a high-growth international outlet, keep a close watch on shares of Manulife as they exhaust after their rally off its ominous 2020 lows.

Bank of Montreal

Bank of Montreal (TSX:BMO)(NYSE:BMO) is a Canadian bank stock that's in full-on rally mode right now, just a year after shares nearly shed half of their value on growing concerns over COVID-19's impact on provisions for small businesses.

BMO also has a considerable amount of oil and gas (O&G) exposure, leaving it most at risk of long-lasting lockdowns. Now, the tables have turned in a big way. Oil prices are rocketing, and they could eclipse US$70 by year's end. With Canada winding down on its third (and hopefully last) wave, surviving businesses will finally have a chance to thrive again, as they look to capitalize on the postpandemic boom.

All it took was a year, and BMO stock went from dud to darling. The TSX stock has gotten quite pricy at 15.1 times earnings, and the dividend yield is now less bountiful at 3.4%. That said, I think the premium price tag is worth paying up for ahead of the latest earnings season for Canada's top banks.

Provisions are plunging, loan growth prospects look better, and net interest margins (NIMs) will finally have a chance to run, with Bank of Canada (BoC) rate hikes likely on the table over the next two years.

Canadian National Railway

Canadian National Railway (TSX:CNR)(NYSE:CNI) stock nosedived 16% thanks to its US$34 billion acquisition of **Kansas City Southern**. The deal was historic as it was expensive. And although it's the biggest rail splash in over a decade, I think it could be one of the last, as regulators are likely to clamp down on the competitive threat posed by massive North American railways.

With a generational economic boom on the horizon, I think CN will prove the doubters wrong with its acquisition, which seems to have given investors a bit of sticker shock. Assuming all goes well and the KSU deal goes through smoothly, CN will be the first to have its network run through Canada, the U.S., and Mexico, providing it with a front-row seat to any increased trade as a result of the USMCA (a revamped form of NAFTA).

Sure, KSU brings forth integration risks, but they're more than baked into the TSX stock here after the brutal correction. With a juicy 2% dividend yield, which is the highest it's been in a while, I'd look to load up on shares before they leave the station, and investors realize just how dominant the railway will become with a grip on north-to-south rail movements.

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