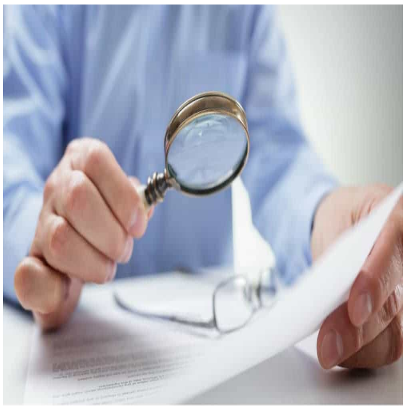

My Favourite 2 TSX Dividend Stocks Are Under Considerable Pressure

Description

Just because your average stock is expensive doesn't mean there are no bargains out there, especially when it comes to some green TSX dividend stocks. If you're willing to put in the homework, then you can continue achieving solid results, even if the market averages were to sink into year-end.

Green TSX dividend stocks are under pressure

In this piece, we'll have a look at two of my favourite TSX dividend stocks to play the second half of the year. Both names are fresh off nasty declines, making them ripe for picking this July.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is one of the best stocks for investors seeking the perfect blend of growth and income. It's been a tough year for the renewable power producer, with shares down 17% from all-time highs. Year to date, Algonquin has been a major laggard, down 10%, while the broader **TSX Index** was up nearly 16%.

Undoubtedly, the lacklustre first-half performance was a shocker for Algonquin shareholders, as the firm has a knack for putting the broader indices to absolute shame from a total returns (capital gains plus dividends) standpoint.

Heading into the second half of 2021, Algonquin looks well poised to recover from its slump, and it could do so in a big way with major promising growth drivers under the hood. The TSX dividend stock yields a safe 4.5% yield, and it's likely to grow at an above-average rate over the next decade and beyond. For 10.2 times earnings and 1.8 times book, Algonquin definitely appears to be one of the better bargains out there.

So, whether you're looking to beat the TSX in the second half of 2021 or are looking for above-average growth through the decades, Algonquin should be at or around the top of your shopping list this July.

Northland Power

Northland Power (TSX:NPI) is a green power production underdog that enjoyed a breakout in 2020. But that was then, and this is now. Today, the TSX dividend stock is sagging, down 16% from its highs and 6% on a year-to-date basis.

Northland's portfolio is quite concentrated in offshore wind projects, which comprises around 60% of total operating income as of last year. The wind-heavy power producer also has the winds to its back, at least according to fellow Fool Chris MacDonald, who recently pounded the table on the name, citing a "massive surge in energy demand" that could be right around the corner.

"With coal and natural gas power plants closing, renewables plays like Northland will need to fill the gap. More demand and supply shortages mean better operating fundamentals and margins over the long term," said MacDonald.

I think MacDonald is right on the money. There's a secular shift towards clean energy, and wind-heavy Northland finds itself in a great spot in the early innings of what could be the "Roaring '20s."

Like Algonquin, Northland is a green powerplay that appeases income and growth investors alike. The 2.8% dividend yield is less bountiful than many of its peers, but what it lacks in yield, I believe it makes up for in stability and long-term growth.

Given the magnitude of long-term (dividend) growth Northland is capable of, I'd argue that the stock is dirt-cheap after its sudden correction. The TSX dividend stock trades at 4.8 times sales and 6.4 times book.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:NPI (Northland Power Inc.)

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