1 Dirt-Cheap Canadian Stock to Buy and Hold Forever

Description

There's been a lot of things for investors to worry about in 2021, with the horrific "Delta" COVID-19 variant and higher-than-expected levels of inflation, but that hasn't stopped most Canadian stocks from surging to close off one of the best first halves in quite a while.

Undoubtedly, Mr. Market could give up a big chunk of the gains posted over the past seven months. But pending a high-impact/low-probability event like a truly insidious strain of COVID-19 that renders today's vaccines far less effective, I'd continue to navigate the second half of 2021 in a cautious, but bullish fashion.

There's some pretty big earnings growth on the horizon, and if you don't think the Delta variant will cause Canada's economy to grind to a halt after a year and a half climb, it may be worthwhile to take a step back to consider the dirt-cheap Canadian stocks that still sport swollen dividend yields.

Insist on "easier" (or less risky) money with dirt-cheap Canadian stocks

With U.S. 10-year rates in the 1.1-1.2% range, many are speculating on the battered growth stocks that were battered earlier this year. While many unprofitable hyper-growth plays may be worth their pie-in-the-sky multiples, I'd argue that many of the "sexier" names out there, like the meme stocks, are at high risk of crumbling into year's end if rates were to continue higher again.

Indeed, many pundits see rates making a bounce back from these levels. Such ricochet in rates could be guided by renewed inflation jitters, as concerns over this variant begin to calm.

The way I see it, high-multiple growth stocks are the high-hanging fruit that may or may not make sense to grab while there are so many lower-hanging fruits that investors can more safely grab without running the risk of suffering an epic fall. Sure, rates are low now.

given the recent volatility in the bond market, things could change in a hurry, and it's the beginner momentum chasers that could be among the most vulnerable to steep losses.

In this piece, we'll look at a neglected Canadian dividend stock in **Great-West Lifeco** (TSX:GWO). Shares of the financial sport a very handsome yield of 4.7% at the time of writing.

Great-West Lifeco: A great dividend at a dirt-cheap multiple

Great-West Lifeco is a Canadian insurer with a sizable $34.5 billion market cap. Like most other financials, GWO shares are currently taking a bit of a breather after enjoying an epic rally off its lows last year.

As the stock continues dragging its feet in what looks to be a sideways correction, I'd look to initiate a position, as I don't think the booming economy is fully factored into current valuations.

The business of insurance can be quite cyclical. Just look at the aftermath of the last recession. Catch them in the early innings of an economic expansion and the gains could be sizeable.

At just 10.4 times trailing earnings, Great-West still looks like a bargain, given the tides are about to turn back in its favour in a big way — and with that, some pretty generous dividend hikes.

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