



The 3 Best Dividend Stocks Canada Has to Offer in 2021

Description

The best dividend stocks Canada has to offer are usually in energy or finance. Those are the two largest sectors of the economy and the most reliable sources of passive income.

With that in mind, here are the best dividend stocks from these sectors for 2021.

TD Bank

TD Bank ([TSX:TD](#))([NYSE:TD](#)) tops my list of the best dividend stocks this year, because it's the most undervalued. The stock is trading at a mere 11 times annual earnings per share. That implies an earnings yield of 9%. Isn't that much better than the interest rate they offer on their "savings" account?

Alas, the team doesn't pay all of its earnings in dividend. Instead, much of it is held in reserves or reinvested, and only 40% is paid out to shareholders. That's why the dividend yield is so low at 3.7%.

While the dividend yield is low, it's unbelievably reliable. Canada's demand for mortgages has never been greater. Consumer credit is expected to rebound alongside the economy. TD Bank also has exposure to the United States, which is having a better recovery than us. All these factors make TD Bank one of the best dividend stocks to own.

First National

First National Financial ([TSX:FN](#)) is another financial stock that should be on your radar. This little-known company is one of the top three mortgage brokers in the country. Canada's insatiable demand for housing loans has helped this company achieve record revenue, despite the pandemic.

The stock has more than doubled since March last year. Despite that, the dividend yield is relatively high at 5.1%. Did I mention that the company pays out its lucrative dividend every month? It's also trading at a relatively modest valuation of 11 times earnings per share. That implies an earnings yield of roughly 9%, which is phenomenal in the current economic environment.

First National is one of the best dividend stocks to buy for investors seeking passive, recurring income on a monthly basis.

TransAlta

If you're looking for monthly dividends and a decent shot at capital appreciation, **TransAlta Renewables** ([TSX:RNW](#)) is worth a closer look. The world is inevitably transitioning away from dinosaur juice to greener alternatives — a transition that happens to be worth trillions of dollars.

TransAlta Renewables is at the forefront of this shift. They operate natural gas, hydro, wind and solar farms across North America. Altogether, their annual production capacity is roughly 4,000 GwH.

Their forecasts suggest they could generate \$260 to \$290 million in cash available for distribution to shareholders this year. Meanwhile, the company is worth \$5.5 billion. That this dividend stock is trading at a price-to-cash flow ratio of roughly 19. That's excellent for a company with a track record of robust growth and reliable income.

That's why TransAlta Renewable is one of the best dividend stocks to buy in 2021.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:FN (First National Financial Corporation)
3. TSX:RNW (TransAlta Renewables)
4. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

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

PP NOTIFY USER

1. kduncombe
2. vraisinghani

Category

1. Dividend Stocks
2. Investing

Date

2025/08/23

Date Created

2021/08/22

Author

vraisinghani

default watermark

default watermark