



2 Canadian Dividend Aristocrats for New Investors to Buy Today

Description

New investors should try to keep things simple with their portfolios, especially since [complexity](#) and number of holdings can sometimes work against one's ability to achieve market-beating results over time. In theory, you could scoop up the top Canadian Dividend Aristocrats any time they fall by a considerable amount. Many have endured volatile times before, only to come rising out to reward those who'd bought more when many started to give up hope.

In this piece, we'll look at two Dividend Aristocrats that I think are severely undervalued in a pretty fairly valued market. Sure, screaming bargains and obvious value may be harder to come by these days, especially after the epic first-half-of-2021 rally. But you don't need a handful of bargains to give your portfolio a jolt. Just ask Warren Buffett. All it takes are a few magnificent moves for your portfolio to really shine.

Consider shares of **TD Bank** ([TSX:TD](#))([NYSE:TD](#)) and **Quebecor** ([TSX:QBR.B](#)), two relative laggards with payouts that are too good to ignore and valuations that don't reflect the full extent of their respective [growth stories](#). Shares of the Canadian Dividend Aristocrats currently sport yields of 3.7% and 3.6%, respectively, at writing.

TD Bank

Here's a name that really needs no introduction. It's Canada's number two player in the broader basket of bank stocks commonly referred to as the Big Six. The retail-heavy bank has more U.S. exposure than its peers and is often viewed as a great way to play Canadian and U.S. banking. It's Canada's most American bank, or, if you live in the United States, America's most convenient bank. Undoubtedly, the last few years have been quite a ride. The stock tanked, as did its peers, during the coronavirus crash of 2020, only to come roaring back and fully recovering a year later.

Today, TD stock is in a peculiar spot. Despite the incredible past-year rally, the stock now finds itself outpaced by its Big Six peers for reasons that I do not believe are sustainable. The credit book hasn't looked this good in years, nor has the forward-looking growth outlook. The bank will be back to hiking its dividend again, and as rate hikes finally come flowing in, TD has ample room to run versus its

smaller brothers, given its sensitivity to interest rates.

Fresh off an 8% decline, TD stock is the cheapest and best bank for new investors looking for outperformance over the next 18 months, as we inch ever so closer to the post-pandemic economy. TD is one of the best-run banks out there. The fact that the Dividend Aristocrat trades at a discount to its peer group based on a trailing price-to-earnings basis, I believe, is absurd.

Quebecor

Quebecor ([TSX:QBR.B](#)) is another Dividend Aristocrat that's unloved right now. Like TD, the stock has been outshined by its peers. For those unfamiliar with Quebecor, it's a Quebec-based telecom company that recently announced its intention to grow beyond the confines of Quebec. Undoubtedly, Quebecor faces its toughest challenge, as it looks to move in on the turf of its peers in western Canada.

Undoubtedly, investors see risk. It won't be a cheap or easy endeavour. And its Quebecor's surprising pivot that has some investors hitting the sell button. I think giving up on a well-run firm before it's had the opportunity to prove itself is a mistake. If you believe in management and think Quebecor could gain a significant regulatory edge over its better-known peers, I think the stock is a bargain at under \$31 per share.

Quebecor is now one of the more compelling growth plays out there. And I think 14.3 times earnings is a pricing mistake that will, in due time, be corrected to the upside by a very jittery and inefficient Mr. Market.

The bottom line on the Canadian Dividend Aristocrats

There you have it: two great dividend plays at reasonable prices. If you're venturesome and wouldn't mind a firm that's sailing into uncharted territory, Quebecor is a great bet right here. If you seek greater stability and a more transparent margin of safety, TD Bank may be the better horse to bet on. Personally, I like TD stock, given its brilliant managers and its rich history of rewarding shareholders.

CATEGORY

1. Investing

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2. TSX:QBR.B (Quebecor Inc.)
3. TSX:TD (The Toronto-Dominion Bank)

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