1 of the Best Canadian Dividend-Growth Stocks to Buy While it's on Sale

Description

Truly high-quality Canadian dividend-growth stocks don't go on sale too often. But when they do, investors should be ready to start doing some buying. Undoubtedly, the **TSX Index** had a rough start to the month. It could worsen into October, but there's also a chance that today's slate of on-sale names may not get any cheaper going into the fourth quarter of 2021. In fact, there's a chance that the price of admission could increase considerably over the coming weeks. And if that's the case, investors need to start doing at least some buying now with the plan of adding to a position should shares become cheaper in the event of a worsening market selloff.

Canadian dividend-growth stocks are among the bluest blue chips on the TSX

For now, the TSX looks to be moving on from its very modest selloff. Some market strategists have gone from bearish to bullish. Regardless, I think investors should focus their efforts, not on forecasts (they may give investors a false sense of security, given it's virtually impossible to time markets over the near term), but on individual companies themselves. If a stock on your list falls below a price you'd be willing to pay, you should hit the "buy" button. And that's really all there is to it. Ask Warren Buffett, and you'll know that the man is more about spotting discrepancies between a stock's market price and its intrinsic value range and less about where GDP will be in the next month or how employment data looked in the last quarter.

In this piece, we'll check out one Canadian dividend-growth stock that I think is worth scooping up on recent weakness, regardless of where the economy or markets head in the next month, quarter, or even year. Sometimes, to be a great contrarian investor, you need to tune out the near-term forecasts and tune in to material that can actually help you evaluate a company and formulate your own estimate of what it should be worth had Mr. Market been more efficient with his pricing.

CN Rail: A Dividend Aristocrat that's down but not out!

CN Rail (TSX:CNR)(NYSE:CNI) is a wide-moat blue chip that should be on every Canadian investors' radar. The stock isn't a top pick for its dividend, which yields less than 2%. But it is a top long-term pick for investors who want above-average dividend growth that's essentially guaranteed. Now, there aren't guarantees in the world of equities. But CN's dividend and its dividend-growth trajectory are pretty close to it. The company has been through its fair share of slumps, but it has risen out of each one on top. Indeed, patience is required to get the most out of the top dividend-growth stock.

2021 has been a rough year for the top Canadian railway. Failed bidding wars, activist investor involvement, and "unimpressive" strategic plans have weighed CNR shares down. In the grander scheme of things, all such needle-moving news could prove to be noise.

In prior pieces, I'd predicted that CN would not win its bidding war and that shares would shoot up in response. That's exactly what happened. Moving forward, I think CN can only improve for the better. Whether activists have their way or not, I think the business is so strong that it'll thrive no matter who's running the show!

CN is a stellar company, and if you can catch it on a modest pullback, you should look to do so. At 26 times trailing earnings, with a 1.7% yield, CNR stock is a great "smart beta" play to stash in your TFSA for decades.

CATEGORY

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