1 Cheap Canadian Dividend Grower to Buy and Hold for Decades

Description

The best Canadian dividend growers seldom go on sale unless there's something really troubling the broader markets. Whenever investors are served up with a 5-10% pullback, Canadians should think about topping up their favourite companies if they're genuinely in it for the long run. In this piece, we'll have a look at three quality names that recently slipped, but are bound to bounce back as the haze of uncertainty and negativity begin to fade heading into year-end.

There's a lot to worry about these days. For new investors, it's tough to put new money to work. The fear of runaway inflation, COVID variants that could arise after Delta winds down, the potential for slowed earnings, rising U.S. 10-year note yields, and even stagflation are just some of the things on the minds of investors. Indeed, frothy valuations and endless market correction calls could pour cold water on what was a hot market.

A volatile end to 2021 on the horizon?

Despite the slate of unknowns, investors should continue investing. There will always be something to be wary of, including a *lack* of wariness by most other investors. Whenever the market is already pricing in so many potential things that can go wrong, it seems as though a worst-case scenario is likely when it may be not. Although it's hard to believe, things can still be better than the worst-case scenario, which certainly isn't the likeliest outcome.

In any case, here are cheap dividend growers that can help you improve your portfolio's foundation at these most uncertain of times. Consider quality names that can ride out the recent bout of volatility and continue raising the bar on their dividends over time. **CP Rail** (TSX:CP)(NYSE:CP) is one great dividend grower that investors should not hesitate to consider, even as Mr. Market pulls the rug from underneath investors.

CP Rail: An epic railway under selling pressure heading into Q4

CP Rail is a wonderful business with a wide moat and uptrending earnings over time. The railway business isn't exactly on the cutting edge of innovation, but it doesn't have to be to give shareholders a great return on their investment. Over time, the Canadian rails have crushed the **TSX Index**. But whenever they trail broader markets, investors can punch their ticket at a slightly reduced price. Time and time again, it's been proven to be a bad idea to bet against the rails, even as they fall into slumps. Undoubtedly, the high barriers to entry shield their slice of economic profits. And the concept of a moat has never been more important in such disruptive times.

CP stock now finds itself down over 16% from its high hit back in June 2021. CP Rail may have won the bidding war for the right to scoop up Kansas City Southern in a historic North American rail deal. That said, it arguably lost the battle, as CP will need to pay a massive tab that could weigh on shares over the medium term.

Although untimely, I do think that integration risks from a CP-KSU tie-up are exaggerated. With a juicy 1% dividend yield that could continue to grow at a double-digit annual pace moving forward, I'd look to nibble on shares as they look to flirt with a bear market.

CP deserves to fall after its pricy merger. But is a 16% decline overdoing it? I think so. Those looking to catch up to the **TSX** would do well with CP with shares hovering around $83 and change.

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