



1 of the Best Stocks With Dividends to Buy in Canada

Description

There are plenty of cheap stocks with dividends in Canada to pick up after a rough start to the autumn season. Indeed, many strategists called for the stock market to fall this autumn. But before we praise them as geniuses, you should know that the magnitude of this current sell-off will remain a massive question mark. Right now, the range for how far stocks will fall into year-end is broad. Some believe the sell-off is over, while others think more pain is ahead. And a handful believes a melt-up could be in store as a part of a Q4 rally. Still others see markets going nowhere over the coming weeks. Each set of projections over the near term are backed by some pretty good research, and the theses are all solid.

Still, you don't need to subscribe to any single thesis. In fact, you shouldn't. Near-term forecasts will always be in high demand among new investors. We can't see the future, but we are so tempted to gain a glimpse of it. Nobody wants a stock to implode immediately after purchase. We all want to catch the bottom in a name before it climbs higher. Undoubtedly, when a strategist speaks on TV, investors are all ears. But given that nobody can predict market moves over the near term, given the chances of off-the-radar "surprising" events, your efforts are better put into conducting a thorough analysis of the stocks of businesses you'd be willing to hold for years at a time.

Canadian stocks with dividends could outperform "hot" investments in 2022

Indeed, the appeal of long-term investing is arguably at a low point, with many market beginnings opting to chase meme stocks, hot cryptocurrencies, or paying way too much merit to near-term forecasts. In this piece, we'll have a look at two oversold stocks that may be overdue for a bounce. Whether they've bottomed remains to be seen, as market volatility takes it up a notch. Still, over the next three to five years, each name is likely to do very well for your portfolio, likely profoundly better than cash, bonds, or any risk-free securities that may not have the best risk/reward trade-off in an environment where inflation is high and rates are low.

TD Bank: A great dividend for Canadian value investors

TD Bank ([TSX:TD](#))([NYSE:TD](#)) is a Canadian bank that's dragged its feet. But if history is any indication, the second-largest Canadian banking giant will make up its streak of relative underperformance. Indeed, the retail-heavy American and Canadian bank has clocked in solid, albeit not great results. Despite some excellent numbers in an improving macro backdrop, TD Bank has been shadowed by its peers in the space. The stock's valuation has compressed such that the trailing price-to-earnings multiple briefly made a move into the single digits. TD is a premium bank that's arguably one of the best to own in the country, given its less-volatile earnings stream and top-notch management team, who are magnificent mitigators of unforeseen risk.

After a modest uptick, TD stock trades at 10.1 times trailing earnings. It's still dirt cheap relative to its peers and probably to most other Canadian stocks with dividends out there.

The 3.7% dividend yield is bountiful, secure, and ready to grow again after a brief pause. Once the dividend hikes come again and TD gets its earnings growth momentum back, I suspect shares could make a run for \$100 over the next 18 months. In the meantime, dividend hunters need to be patient. Banks have run out of steam, and there's no telling how long the recent consolidation will last.

If you're in it for the next five years, though, I have no issue recommending the name here. It's a great value, especially for those who want larger dividends to offset the potential impact of lingering 5% inflation that could plague the markets longer than the pandemic.

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Author

joefrenette

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