



2 Canadian Dividend Stocks to Watch in October 2021

Description

There are more reasons than just [passive income](#) to own a dividend stock. Higher-yielding companies tend to be slower-growing, less-volatile investments. And with the market riding an incredible bull run right now, I'm looking to add a couple of dividend-paying companies to my portfolio to help balance out some of my higher-growth picks.

After ending September at a loss, the **S&P/TSX Composite Index** is off to a hot start in October. The index is up a couple of points this month already and is nearing a 20% gain on the year.

I've enjoyed the bull run over the last year and a half as much as the next growth investor. But as a result of the recent gains, my portfolio is weighted very heavily towards [high-growth tech stocks](#).

To help balance that out, I've got a couple of well-priced dividend stocks on my radar this month. The two companies are on my list for much more than just high-yielding dividends, though.

This high-yielding dividend stock is on sale

Yielding above 4.5% at today's stock price, the dividend alone is enough of a reason to have **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) on your radar. I've got it on my watch list right now for two additional reasons.

First, utility companies are some of the best defensive stocks to own in a portfolio. They might not soar during bull runs, but you'll be glad to own them during inevitable market downturns. Regardless of the condition of the economy, you can count on utility stocks like this one to help keep volatility down in your portfolio.

The second reason this [dividend stock](#) is on my radar is for its exposure to the renewable energy sector. The \$11 billion company provides a range of different renewable energy options to its customers across North America.

The company's exposure to the growing renewable energy sector is one of the reasons it's been able

to largely outperform the market in recent years. Shares are up a market-beating 60% over the past five years. And that's not even including its nearly 5% dividend yield, either.

As it is down 15% from all-time highs, now would be a wise time to start a position in this top dividend stock.

Now's the time to load up on a Canadian bank

If passive income is your main objective, you don't need to look much further than the Canadian banks. The Big Five all own impressive yields and some of the longest payout streaks on the TSX.

Not only that, the Canadian banks are very reasonably priced today, which is one of the reasons why **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is on my radar this month.

At a market cap now over \$150 billion, TD Bank is the second largest in the country. But it's the dividend stock's presence in the U.S. that has it ranked as my top buy among the Big Five.

TD Bank's U.S. operations account for roughly one-third of the bank's net income. And with the majority of its locations on the east coast right now, there's lots of growth potential over the next decade through the bank's west coast expansion plans.

To top it all off, TD Bank, along with the other major banks, is valued at a bargain price today. Shares are currently trading at a favourable forward price-to-earnings ratio of barely over 10.

Considering what this dividend stock can provide your portfolio with, that's a very low cost to pay. It could also mean that the bank could deliver market-beating growth to patient shareholders over the long term.

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Date

2025/08/20

Date Created

2021/10/18

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