



## 2 Canadian Income Stocks I'd Buy Right Now

### Description

Many top Canadian income stocks have been [bid up](#) in recent weeks, but there remain names that are still dirt-cheap versus both historical and industry averages. Indeed, many such names have yields that are also slightly higher than they normally are as a result of considerable share price depreciation.

Despite the slew of negative headwinds that have caused their share prices to be depressed, I still view both as top dividend growth plays. As the slew of dividend hikes start coming in going into year's end, likely enticed by regulators allowing Canada's top financials to resume such hikes and share repurchases, we could see the hard-hit dividend payers also follow suit.

### Top dividend picks on the TSX

In this piece, we'll look at two of my favourite Canadian income stocks that are likely to continue raising the bar on their payouts as they focus on the next 18 months ahead, rather than the COVID-plagued 18 months behind us. Consider shares of blue-chip fast-food kingpin **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) and iconic, albeit underrated retailer **Canadian Tire** ([TSX:CTC.A](#)).

Both companies have been turbulent of late amid growing concerns surrounding slowed economic growth, high inflation, and continued COVID disruptions. Whether we're talking about COVID supply chain issues, labour shortages, partial store closures, and anything in between, both names look well-equipped to move on from what's been a rough past year and a half. But which is a better Canadian income stock pick for your portfolio? Let's have a closer look at each name and find out!

### Canadian income stock #1: Restaurant Brands International

Restaurant Brands is a Canadian fast-food firm that really needs no introduction. It's behind three of the most legendary restaurant brands out there. Yet, because of management fumbles, the firm has yet to live up to its full potential over the years. Indeed, returns have been meagre, with just 25% in returns over the past five years. Tim Hortons has been a major miss for the firm, and Burger King has

stalled versus competitors like Wendy's amid the pandemic. Popeyes Louisiana Kitchen is the bright spot in the QSR trio. But it still accounts for the smallest slice of overall revenues.

Under a better-performing management team, QSR's trio of brands could really dominate the competitive fast-food scene. For now, investors can get into the 3.6%-yielder at rock-bottom multiple. Indeed, expectations are already at the floor following its latest quarterly fumble. What'll it take to get QSR moving higher again? I'd argue not much. Subtle reopening tailwinds and time for the firm's modernization investments could propel the name back to all-time highs at some point next year.

I may not be a huge fan of management. But the brands are just so good, and I do believe they will shine through at the end of the day. For that reason, I'd be a buyer as shares bounce back off their past-year lows.

## Canadian income stock #2: Canadian Tire

Canadian Tire is another income stock tailored to value-conscious investors hungry for yield. The stock sports a 2.6% yield. While it's not the highest in the world, it's skewed toward the higher end of the historical range. Indeed, shares seem undervalued at 9.7 times trailing earnings, especially after a solid couple of quarters. I believe broader macro jitters are depressing Canadian Tire stock. Still, in due time, management will continue to impress, which could lead to a good amount of multiple expansion over the long run.

The \$11.5 billion retailer is also doing well with its e-commerce business. I think strength will carry over into 2022 and beyond, even as COVID headwinds fade. In terms of omnichannel, Canadian Tire is one of few firms that can get it right.

As the firm continues beefing up its brand book, I'd look to load up before the price of admission is bid up on the back of better earnings results that could accompany a continued reopening.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:QSR (Restaurant Brands International Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News

## PP NOTIFY USER

1. arosenberg
2. joefrenette

### Category

1. Investing

### Date

2025/08/24

### Date Created

2021/11/09

### Author

joefrenette

default watermark

default watermark