2 TSX Dividend Aristocrats to Buy on Sale

Description

TSX Dividend Aristocrats are genuinely in a class of their own. They seldom go on sale by a considerable amount, but when they do, it's nice to have cash on hand to do some buying. Even if discounts are modest, Dividend Aristocrats are well worth the price of admission. Many of them are worth holding for extended periods of time. And whenever the inevitable dip comes along, one should feel compelled to top up their stakes, especially if they're using a TFSA (Tax-Free Savings Account), which can help a Canadian fully unlock the full potential behind tax-free compounding over the long run.

Dividend Aristocrats for the long run

Fortunes aren't made overnight, unless, of course, you gamble on an all-or-nothing play like Bitcoin or Dogecoin. For those looking to prudently build their wealth over the next 10, 20, or 30 years, Dividend Aristocrats are a fine way to get the job done. And in this piece, we'll have a look at two names that I believe are trading at solid discounts to my estimate of their intrinsic value. Regardless of where markets go from here, the two Dividend Aristocrats are worth buying now and gradually over time.

Consider **National Bank of Canada** (TSX:NA) and **Enbridge** (TSX:ENB)(NYSE:ENB), two magnificent companies with juicy dividend payouts and a somewhat predictable dividend-growth trajectory.

National Bank of Canada

National Bank of Canada is number six of the Big Six, but it deserves every bit of respect as its bigger brothers. In fact, National Bank may be a growthier option for those bullish on domestic banking. The regional bank is expanding across the nation. It's still far more regional than its peers, with a considerable presence in the province of Quebec, but over time, the bank is steadily making its mark on other provinces.

Undoubtedly, the bank could play the role of disruptor, with its recent decision to slash trading commissions to zero. In a way, National Bank could be the driver of innovation for the Big Six. With a magnificent management team, I believe that NA stock is worthy of a premium multiple even versus its very high-quality Big Six peers. The stock has room to run after surging over 50% in the past year. At 12.9 times earnings, shares may seem reasonably valued, but I believe they are more undervalued, given the resilient 2020 and the encouraging path forward.

The 2.7% yield pales in comparison to its peers. But what it lacks in upfront yield, it'll likely make up for in long-term growth.

Enbridge

Enbridge is a wonderful business that many seem to doubt. Yes, it's a pipeline company, but it's not exactly an ESG-unfriendly firm. In fact, Enbridge sports a higher CDP score, a gauge of ESG friendliness, than most other companies not involved with the transportation of fossil fuels. The company proudly boasts an A- CDP score, implying that it cares about its carbon footprint and is more than willing to take steps to offset emissions.

There's a reason why Enbridge is included in various Canadian ESG funds. Over time, expect the pipeline business to continue generating ample amounts of cash flow, all while the firm looks to expand upon its environmentally friendly projects. Enbridge is a winner, and the 6.6% yield, while alarmingly high, is about as safe as they come. Enbridge hiked its dividend through the worst of times and is poised to continue raising the bar now that industry conditions are improving.

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1. Dividend Stocks
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2. TSX:ENB (Enbridge Inc.)
3. TSX:NA (National Bank of Canada)

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