2 of My Favourite Stocks to Buy in December

Description

The **S&P/TSX Composite Index** has consistently reached new all-time highs throughout 2021, barring a few setbacks. At writing, the Canadian benchmark index is up by almost 23% year to date, just a few basis points below its latest record. A few income stocks are trading for lower valuations, despite the broader market being close to arguably overvalued territory.

Dividend investing with the right high-quality stocks can provide you with substantial long-term shareholder returns through reliable payouts. Today, I will discuss two Canadian dividend stocks that are my top picks for December. Despite the headwinds that have caused the share prices of these two companies to depreciate, I still view both companies as good picks for your investment portfolio as we inch closer to 2022.

The lower valuations have inflated the dividend yields, and as dividend hikes start coming in, we could see these hard-hit dividend stocks improve their performance in the stock market.

Restaurant Brands International

Restaurant Brands International (TSX:QSR)(NYSE:QSR) is a $34.01 billion giant in the Canadian fast-food industry with the likes of Burger King, Tim Hortons, and Popeyes Louisiana Kitchen operating under its belt. It has been at the very top of the industry for decades, yet the company's management has made several fumbles over the years that have led to it failing to live up to its full potential.

Provided that the company's management can make better use of its resources, the trio of fast-food chains operating under its banner could dominate the highly competitive industry for years. As the world slowly moves past the pandemic-fueled challenges, QSR stock could begin propelling with stronger performances in the coming quarters.

At writing, the stock is trading for $72.39 per share, and it boasts a 2.91% dividend yield. It could be the right time to invest in the company to lock in its dividend yield into your portfolio, as you wait for the company's share prices to appreciate in the coming years.

Canadian Tire

Canadian Tire (TSX:CTC.A) is another TSX stock that could be ideal for income-seeking investors who are also looking for a bargain. The company showed its investors that it has the potential to weather the pandemic-related challenges, owing largely to its e-commerce segment thriving during the global health crisis.

Now that the company's retail locations are finally reopening, the company can bring in far more revenue. The easing pandemic restrictions could allow its petroleum services, Sports Chek, and Mark's to generate greater cash flows for the company. The stock is trading for $173.72 per share at writing, and it boasts a juicy 2.99% dividend yield.

Canadian Tire stock is trading for an 18% discount from its 2021 highs, and it could be a valuable addition to your portfolio as the year ends.

Foolish takeaway

The blue-chip, fast-food giant and underrated retailer are two undervalued businesses that have seen turbulence on the stock market lately amid growing concerns about slowed economic growth, high inflation, and pandemic-related disruptions. However, both companies look well positioned to power through the rough year they have had and boast a strong outlook for the next year and beyond.

I think it could be worthwhile considering Restaurant Brands International stock and Canadian Tire stock as part of your investment portfolio at current levels.

CATEGORY

1. Dividend Stocks
2. Investing

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

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Date
2025/08/15
Date Created
2021/11/22
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