2 Smart Stocks to Buy in Canada Today

Description

Becoming a stock market investor has become quite popular in recent years due to the advent of trading platforms that make retail investing more accessible. The growing awareness of using your savings as investment capital instead of letting it sit idle to keep pace with rising inflation rates has also spurred many Canadians into action.

If you're just starting investing, there may be a lot for you to learn before you dive headfirst into the stock market. Investing in high-growth stocks that promise rapid upside potential might seem attractive if you're not well versed in how markets work. However, I always consider investing in well-established, income-generating assets a far better way to begin building a balanced investment portfolio for wealth growth.

Adding shares of high-quality, blue-chip stocks that also pay reliable shareholder dividends could set you up with strong foundations for your investment portfolio that offers stability and long-term wealth growth potential. Once you have a strong base set up, you can venture into riskier investments knowing that your core holdings are there to mitigate potential losses and provide you with a degree of capital preservation.

Today, I will discuss two TSX stocks that could be smart buys today for this purpose.

Royal Bank of Canada

Royal Bank of Canada (TSX:RY)(NYSE:RY) is Canada's largest financial institution with a massive $188.53 billion market capitalization with internationally diversified operations. Its success in the U.S. and solid growth in emerging markets through its banking and wealth management operations have cemented its place at the top among Canada's Big Six banks.

With the worst of the pandemic behind it, Royal Bank of Canada is sitting on a massive cash pile,owing to its provisions for credit losses that it never needed to use. It will likely resume its dividendhikes using the extra liquidity, making it one of the top dividend stocks to own right now. At writing, thestock is trading for $131.67 per share, and it boasts a 3.28% dividend yield.

Manulife Financial

Manulife Financial (TSX:MFC)(NYSE:MFC) is the leading insurance company in Canada with a $48.22 billion market capitalization, and it has a strong presence in Canada, Europe, and the U.S., and a growing presence in the lucrative Asian markets. The company has already delivered a dividend hike after the announcement by regulators to ease restrictions on share buybacks and dividend increases by financial institutions.

The company raised its shareholder dividends by 18%, and it plans to buy back 2% of its outstanding shares through a repurchase program. The possibility of interest rate hikes in the coming months could result in even stronger tailwinds that could propel its cash flows and share prices higher. At writing, the stock is trading for $24.71 per share, and it boasts a juicy 5.34% dividend yield.

Foolish takeaway

You can find plenty of TSX stocks that offer more rapid growth than these two giants in the banking and insurance industries. However, these two dividend-paying companies offer more stable growth. Additionally, both dividend stocks have a history of consistently increasing shareholder dividends and boast wide enough economic moats to continue delivering dividend hikes for years to come.

If you are a new investor, consider buying the shares of these two companies as core holdings for your investment portfolio.

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2. Investing

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1. Editor's Choice

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