2 TSX Dividend Studs to Watch Before January 2022

Description

2022 is just around the corner. Whether or not it follows a Santa rally is anyone's guess. Regardless, investors should insist on real earnings and profitability growth rather than promises of earnings way into the future. Indeed, the strategy of buying growth stocks with zero in the way of earnings and hefty price-to-sales (P/S) multiples paid off big in 2020. In 2021? Not so much. As high-multiple stocks continue tumbling, the "growth-at-any-price" approach could become dangerous.

Of course, a higher degree of risk means a greater potential reward. That said, it's too tough to go against the grain when the momentum is going against you in such a vicious fashion. While I'm not against continuing to buy the dip on unprofitable growth companies, I'd prefer to look to areas of the market where there's easier money to be made. Nobody wants to get caught offside by grabbing a falling knife. It's too hard. And with all the TSX dividend studs at decent valuations, I'd argue that most investors are better off not trying to catch a bottom in high flyers, as ARK Invest's Cathie Wood seems to be doing these days.

Cathie Wood's rise to investment stardom was remarkable, but as her ARK line of funds continues giving up ground, it's tough to tell if she'll still be as popular, with her incredibly aggressive strategy.

In this piece, we'll have a look at two TSX dividend studs worth watching going into January 2022. Shares are already oversold such that any tech-focused selloff is less likely to knock the following names down as much as the broader growth-centric **Nasdaq 100**.

BCE

BCE (TSX:BCE)(NYSE:BCE) is a TSX dividend stud that really needs no introduction. It's the telecom behemoth behind Bell Mobility as well as its media division. Undoubtedly, the latter division has been quite the drag in recent years. With the 5G uptake taking a bit of a breather amid the pandemic, many may be inclined to pass on the Big Three. At these valuations, BCE stock seems fairly valued. The media division deserves a discount, after all, especially versus the likes of pure-play wireless and fibre firms lacking in media assets.

Although BCE has struggled to grow, I think coming 5G strength will power the firm's growth rate to the mid-single-digits. And with that, the dividend could grow by a similar high single-digit rate. The stock, which trades at 20 times trailing earnings, sports a 5.4% dividend yield. Although the stock is near all-time highs at $65 and change, I think the name isn't as expensive as it could be, given the dominant days of the Big Three are unlikely to end any time over the next decade.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a pipeline behemoth that many Canadians love to take a raincheck on. Yes, it's a fossil fuel firm, and those aren't the best to own, as the world gravitates towards electric power.

That said, Enbridge's fossil fuel pipelines are going to continue raking in ample amounts of free cash flow for many years to come. Such cash flows will power generous dividend hikes on top of an already handsome 7%-yielding payout. Further, Enbridge is making quite the splash in green power. In fact, it's been in the space for quite a while. It's intriguing that the firm boasts a better ESG rating than some "green" tech firms out there.

If you're looking to safely reach for yield, ENB stock is a top TSX dividend stud to watch.

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