2 Dividend-Growth Stocks I'm Betting Will Soar to New Heights in 2022

Description

Dividend-growth stocks seldom go on sale by a considerable amount, but when they do, it's important to get ready to be a buyer before a bounce. Indeed, dividend-growth stocks act as a great core to the foundation of any long-term-focused TFSA, RRSP, or non-registered portfolio. Through good times and bad, their dividend-growth profiles are hard to hit, even during the worst of times.

With Omicron and rate hikes to be expected over the coming quarters, investors must stay disciplined by ensuring they're going for value, quality, and, most importantly, earnings in the present. Without further ado, let's have a closer look at two dividend-growth stocks that I'd look to buy more of should they slog into year's end.

TD Bank

TD Bank (TSX:TD)(NYSE:TD) is a U.S.-heavy Canadian bank that never stays depressed for too long. When analysts turned against the firm in late 2019 and early 2020, when TD slogged, I'd recommended backing up the truck. Back then, there wasn't much to get behind. Provisions were surging, and COVID was a real threat to loan growth. Low interest rates also did not help the cause for the retail-heavy bank that had seen its net interest margins slim in recent years.

Today, the tables have turned, with a rising-rate environment closing in. While capital markets-heavy banks led the charge out of the depths of March 2020, it's the retail and commercial kingpins that could be next in line to become the Big Six leaders. TD isn't just a retail heavyweight; it's a ridiculously well-run company with some of the most brilliant managers out there.

I think many investors forget the calibre of TD's management. In 2022, the odds of a U.S. banking deal are high. Indeed, TD will pay a pretty penny, but in such a favourable environment for the financials and the likelihood that management will make the most out of such a deal, TD remains a buy while it's still modestly valued relative to its peer group.

Don’t sleep on TD Bank. Arguably, it’s one of the top two banks to own here, as margin headwinds turn into tailwinds.

CN Rail

CN Rail (TSX:CNR)(NYSE:CNI) is a dividend-growth stud that needs no introduction. It’s North America’s most efficient railway, or at least that’s what it used to be before the pandemic hit the operating ratio (OR). As conditions normalize, the OR has room to run. But first, the company needs to find a new top boss. With proposed new CEO Jim Vena out, activists will need to locate a new boss that can lead CN back to its former glory. Undoubtedly, the strategic plan was quite muted, but under the right leadership, I’d look for CN to crush the TSX Index over 2022.

It’s been a rocky year for CN Rail, with a failed bidding war and activist shareholder involvement. Once CN finds its new CEO, look for the stock to kick off the start of a rally. Indeed, CN stock is on its knees now, but don’t expect it to stay down for long. The business is just too durable.

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