New to Investing? Here Are 2 Top Dividend Stocks to Buy Now

Description

Stock market pullbacks create incredible opportunities to buy cheap, high-quality dividend stocks. In fact, the best time to put your hard-earned money to work is when the market is dark and ugly. Whether it be inflation, interest rates, or geopolitical concerns, there is plenty that the stock market is worrying about.

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The best time to buy stocks is when it feels the worst

Even if it may not feel like it, historically, these have been the best times to start investing. As one of the world's greatest investors, Warren Buffett, once said, "Every decade or so, dark clouds will fill the economic skies, and they will briefly rain gold." Times get rough, valuations decline, and shrewd long-term investors get great opportunities to buy cheap stocks.

This may just be that opportunity. Nobody knows when the stock market decline will reverse. However, if you take a long enough time frame, the odds of strong positive returns increase in your favour. If you like dividend stocks, many have pulled back recently. Here are two that look like attractive buys right now.

CN Rail: A great dividend stock for total returns

Canadian National Railway (TSX:CNR)(NYSE:CNI) has been an incredible dividend-growth stock for years and years. This stock has delivered a 297% total return over the past decade. Investors have earned over $16 a share in dividends over that time frame. It has grown its dividend by a very attractive 14% annual rate. It pays a 2% dividend yield today.

Canadian railroads faced some negative headwinds (weather, supply chain bottlenecks, and lower volumes) in the first quarter of 2022. Fortunately, the railroad expects positive tailwinds to pick up in the back half of the year.

Recently, CN has lagged peers both operationally and as an investment. However, with a new CEO at the wheel, there are opportunities for an attractive turnaround. The company has great assets, it has an exceptional balance sheet, and it generates a lot of cash. For a highly competitive blue-chip business, this is a great dividend stock to buy and hold today.

TELUS: A top dividend-growth stock

Another blue-chip dividend stock to buy now is **TELUS** (TSX:T)(NYSE:TU). It made a fast run to $34 per share early this year. However, it has pulled back nearly 9% since. I wouldn't exactly call TELUS stock cheap, but it remains a favourite telecom stock, especially for the long term.

TELUS has consistently been delivering revenue and EBITDA growth in the range of 7-8% over the past several years. That is industry-leading growth. The company has been very strategic about allocating capital to the right projects. Rather than buying costly media segments, it has invested in several technology verticals that are showing strong signs of long-term growth.

In addition, it is nearing the end of an accelerated capital investment cycle in 5G and fibre optic networks. TELUS's management expects outsized growth in excess cash flow in the coming few years. As a result, it plans to grow its dividend annually by 8-10% for the next three years at least.

Today, TELUS pays an attractive 4.3% dividend. For a low-risk, well-managed business with dividend and capital upside, this is a perfect Canadian stock for new investors.

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