3 Dividend Stocks to Buy Without Hesitation

Description

Understanding the risk inherent with almost all stocks — dividend or growth stocks, or any other classification you may have in mind — is essential. Then you have to look at the risks associated with a particular stock you are considering. The stocks that offer the sweet overlap of palatable risk as per your risk tolerance and decent return potential are worth buying.

Then there are stocks that most investors can buy without hesitation.

A bank stock

Banking stocks in Canada are coveted for their dividends and safety. And even though any bank from the Big Six might be an intelligent dividend investment, **Toronto-Dominion** (TSX:TD)(NYSE:TD) is easily one of the top choices. It's the second-largest bank in the country by market cap and a leader when it comes to digital banking, with 15 million active users. It's also the fifth-largest North American bank by total assets.

With great size/reach comes excellent stability or at least resilience. The bank took slightly more than a year to recover its market value during the Great Recession. And in the 2020 crash, it was back to its pre-crash valuation in about a year.

But it's not just a no-brainer buy because of how well it recovers from market crashes. It also offers a juicy 4.3% yield with a healthy payout ratio. Its long-term growth potential is also decent enough if we evaluate its performance in the last decade — 109% price appreciation.

A tech stock

Dividends are relatively rare in the tech sector, but out of the few tech companies that *do* offer dividends, Markham-based **Enghouse Systems** (TSX:ENGH) is an easy pick for several reasons, starting with its status as an aristocrat. The company has been growing its payouts for the last 15 consecutive years, and the growth has been quite decent. It has more than doubled its payouts between 2018 and 2022.

The payout ratio is usually relatively safe and has remained below 40% in the last decade. Even the yield is quite decent compared to the usual — 2.2%. And it has reached that level due to the massive fall the stock has experienced, which has it still trading at a 57% discount from its peak value in July 2020.

The discount, along with a modest valuation (price-to-earnings of 20.2), is another reason you may consider buying this stock without hesitation. It's also a robust growth stock.

A utility company

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) has two business divisions — regulated utility services, through which it caters to over a million customers in three countries and Bermuda.

The second business division is the renewable energy group with 41 renewable energy facilities with a collective installed power of about 2.3 gigawatts. As a green energy producer and a stable utility company, Algonquin is an easy investment choice and a worthy long-term holding.

Its return potential is quite decent on both dividend and growth fronts. It's currently offering a 5% yield and has been growing its payouts for 11 consecutive years, earning it the title of an aristocrat. As for growth, the stock price appreciated over 176% in the last decade. If it can continue growing at the same pace and maintains its dividend-growth streak, it may prove to be a great asset in your portfolio.

Foolish takeaway

Another reason these three stocks can be bought without hesitation is their stability compared to the market. All three can be classified as low-volatility stocks, as they come with a beta below one. And all three are adequately discounted right now.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:ENGH (Enghouse Systems Ltd.)
5. TSX:TD (The Toronto-Dominion Bank)

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