4 Stocks to Buy Today and Hold Forever

Description

Investors seeking passive income and total returns have a chance to buy top TSX dividend stocks at undervalued prices.

Manulife Financial

Manulife (TSX:MFC) trades near $22 per share at the time of writing compared to $28 at the 2022 high. Investors who buy the stock at the current price can pick up a decent 6% dividend yield and wait for the market recovery to drive the share price higher.

Manulife increased the dividend by 18% in late 2021 on the back of record profits. Omicron and the market correction have hit revenue and profits this year, but these are short-term setbacks. Over the long run, Manulife's strong Canadian, U.S., and Asian insurance, wealth management, and asset management businesses should deliver solid returns.

The sharp rise in interest rates in recent months should start to deliver positive results in Manulife's quarterly reports. Higher rates lead to better returns on the billions of dollars that Manulife has to set aside for potential claims.

Enbridge

Enbridge (TSX:ENB) trades for $51 per share at the time of writing compared to more than $59 a few months ago. The stock dropped along with the broader energy sector as the price of oil pulled back from the 2022 highs. Demand for oil and natural gas remains robust, and producers are pumping as much as possible to take advantage of the elevated market prices. This means throughput on Enbridge's network likely hasn't changed much since June when the stock was at its high. Given that Enbridge simply transports oil and natural gas and charges a fee for the service, the drop in the share price looks overdone.

Investors can now pick up a generous 6.7% dividend yield on the stock. Enbridge has increased the dividend in each of the past 27 years.

Bank of Montreal

Bank of Montreal (TSX:BMO) paid its first dividend in 1829. Investors have received a distribution every year since. The board raised the dividend by 25% late in 2021 and by another 4.5% in the spring of 2022. At the time of writing, the stock looks oversold near $122 per share. Investors can now get a solid 4.5% dividend yield.

Bank of Montreal is spending US$16.3 billion to buy Bank of the West. The deal will add more than 500 branches to the existing American operations and will give Bank of Montreal a strong base to expand in California. This is a good stock to buy if you want exposure to the U.S. economy through a Canadian bank.

Fortis

Fortis (TSX:FTS) is a utility company with $60 billion in assets located across Canada, the United States, and the Caribbean. The stock looks heavily oversold right now around the $51 mark. Fortis traded at $65 earlier this year.

Fortis gets 99% of its revenue from regulated assets. This includes essential services such as power generation, electricity transmission, and natural gas distribution. Revenue and cash flow should be predictable and reliable, regardless of the state of the economy.

Fortis has increased the dividend in each of the past 48 years and is targeting average annual payout growth of 6% through 2025.

The bottom line

Manulife, Enbridge, Bank of Montreal and Fortis pay attractive dividends that should continue to grow. If you have some cash to put to work in a Tax-Free Savings Account and Registered Retirement Savings Plan, these stocks look undervalued right now and deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:FTS (Fortis Inc.)
4. NYSE:MFC (Manulife Financial Corporation)
5. TSX:BMO (Bank Of Montreal)
6. TSX:ENB (Enbridge Inc.)
7. TSX:FTS (Fortis Inc.)

8. TSX:MFC (Manulife Financial Corporation)

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aswalker