3 TSX Stocks I'd Buy More of if They Took a Dip

Description

It can be unsettling to see your TSX stock holdings drop in value. This is why it's helpful to invest in stocks that you're willing to buy more of if they took a dip. I'm absolutely comfortable adding to my core holdings for sold long-term total returns. Here are three I'd like to share.

TD Bank stock

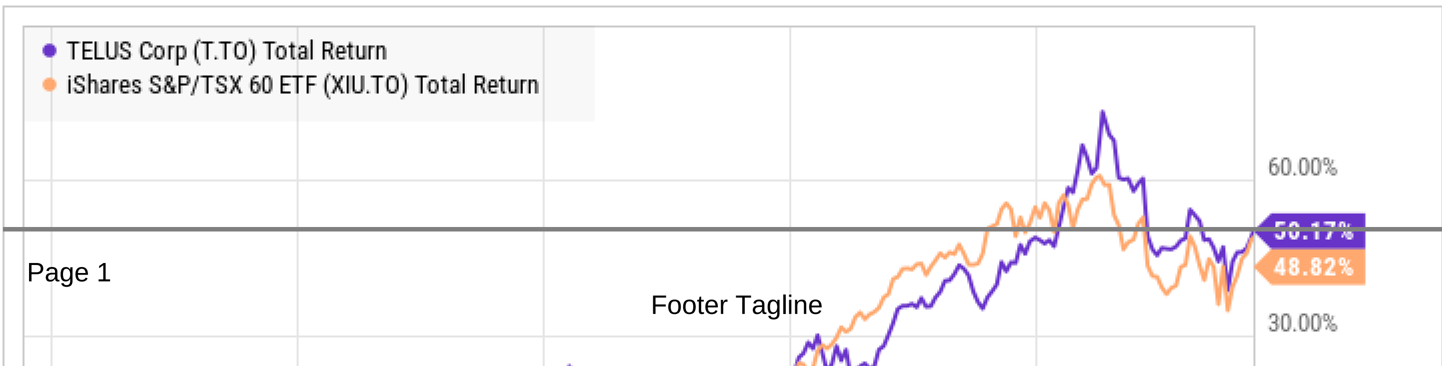
The big Canadian bank stocks serve as core holdings for many dividend portfolios. As one of the leading banks in Canada, **Toronto-Dominion Bank** (TSX:TD) is an easy buy on dips. Even though it has recovered about 12% from a low in October, at $89.76 per share at writing, the quality bank stock is still inexpensive. It trades at about 10.9 times earnings.

The general analyst consensus is that it has the highest earnings-per-share (EPS) growth potential among the Big Five Canadian banks over the next three to five years. Over this period, analysts believe TD stock can increase its EPS by about 8.7% per year. The bank has relatively low-risk growth with a focus on retail banking in Canada and the United States.

TD stock offers a nice dividend yield of close to 4%. Its payout ratio is estimated to be healthy at about 43% this year.

Another core dividend stock idea

If you like a nice dividend yield and stable growth, **TELUS** (TSX:T) stock is another excellent core dividend stock idea to consider. In the long run, it has beaten market returns. In the last three to five years, it has delivered returns that are slightly better than market returns. (Here's a five-year total-return chart for your reference.)



T and XIU Total Return Level data by YCharts

However, TELUS stock has a below-average beta and a higher yield than the market. That makes it a potentially low-risk stock. For instance, it can return your investment sooner than the market with its dividend payouts.

TELUS stock is also a Canadian Dividend Aristocrat with about 18 consecutive years of dividend increases. For reference, its five-year dividend-growth rate is 6.7%. Its trailing 12-month payout ratio was healthy and was 57% of earnings. It offers a fabulous yield of about 4.8% at $29 per share at writing. At this quotation, analysts believe it's undervalued by 12%.

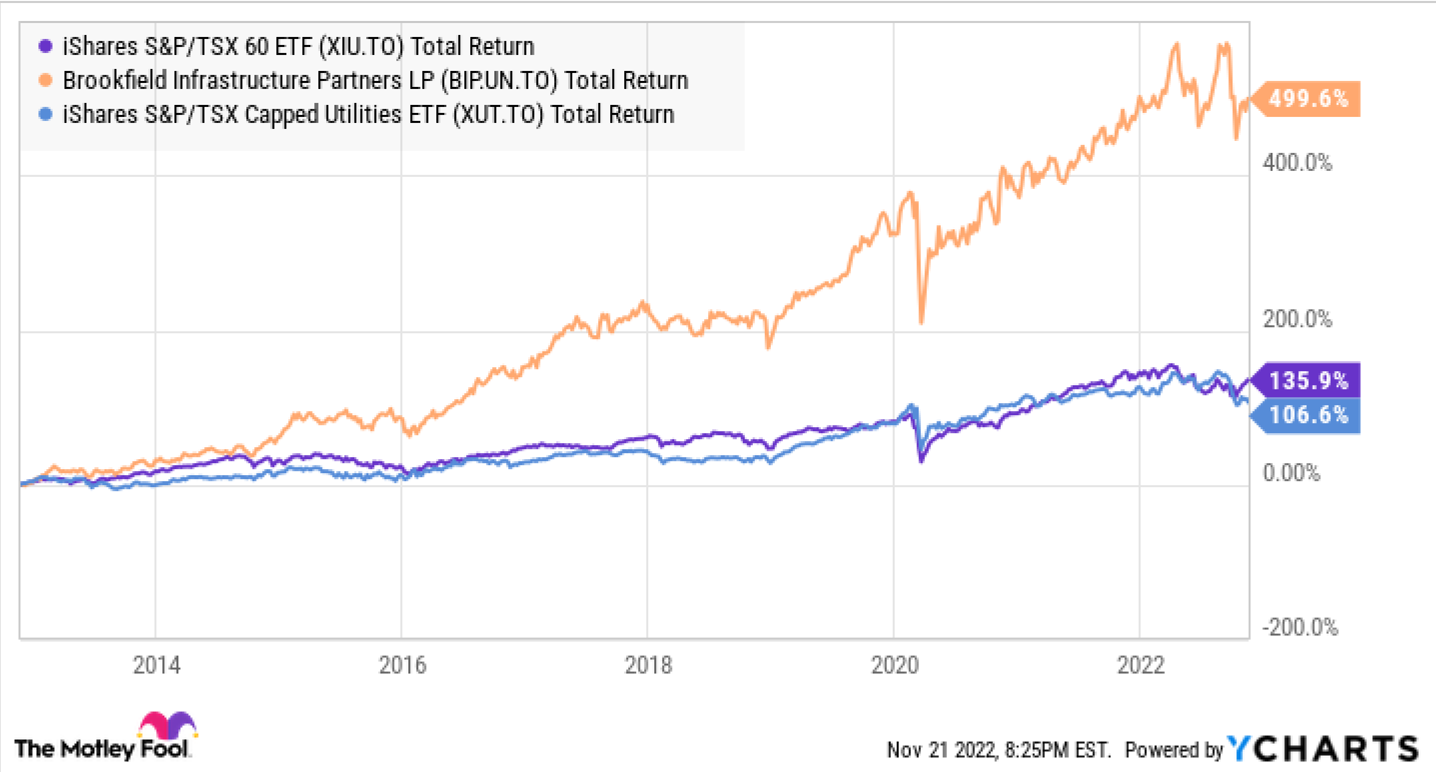
Brookfield Infrastructure

Brookfield Infrastructure Partners (TSX:BIP.UN) is easily one of my favourite dividend stocks. First, it's diversified geographically and across different infrastructure sectors (utilities, transport, midstream, and data).

Second, it generates sustainable and growing cash flows. About 90% of its cash flows are contracted or regulated. And about 70% are linked to inflation. This means it has benefited from a higher inflationary environment.

Third, the management has the operational expertise to improve its assets while it utilizes a value investing approach. The utility has an ongoing capital-recycling program that allows it to maximize risk-adjusted returns.

Combining these advantages, BIP stock has outperformed the utility sector and the market across various periods. It's a strong buy if it took a dive.



XIU, XUT, BIP.UN Total Return Level data by YCharts

The Foolish investor takeaway

The idea of adding to these core dividend stocks on dips is to earn nice dividends while watching the portfolio grow in the long run. What other dividend stocks can serve this purpose for your solid and diversified dividend stock portfolio?

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
2. TSX:T (TELUS)
3. TSX:TD (The Toronto-Dominion Bank)

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