Beat the TSX With This Unstoppable Dividend Stock

Description

The TSX today remains far below where it was back at the beginning of 2022. Now, we're almost in 2023, and the TSX remains down by 3.5%. That's an improvement. However, I don't know about you, but I like to see my shares go up and not down.

I also love income. And that usually comes in the form of dividends for many stocks. Right now, that income has never been more important. While your shares may be down, there are many stocks that offer dividends to pay you while you wait for a rebound.

But what if there was a dividend stock that offered you that passive income and was doing incredibly well this year? There's certainly one I would consider and remains somehow undervalued even today.

Teck stock

Teck Resources (TSX:TECK.B) has been an absolute powerhouse over the last year. Shares of the dividend stock are up 41% year to date. Granted, it did have a major dip halfway through the year when the rest of the market went into free fall. But it's since rebounded for several reasons.

The first reason is that the company sold assets that brought in half-a-billion dollars to its balance sheet. That alone was a strong choice. But there's also the basis of the company itself. In the case of Teck stock, it can continue supporting its yield, because it's a dividend stock in the essentials sector.

The dividend stock mines for steel-making coal, silver, copper and other products that the world simply cannot do without. The world needs products like silver! Silver is needed to create batteries, which are going to power the clean energy future.

It's undervalued!

With shares up 41%, it doesn't seem possible this stock could be undervalued. However, based on fundamentals, this is exactly true. Teck stock currently trades at 6.04 times earnings, and 0.92 times book value. It would also take just 38.02% of its equity to cover all its debts. So, it remains on strong financial footing for investors to consider as well.

Even with all this in mind, and even with shares trading higher and higher, analysts *continue* to raise their price targets. There has been positive change coming in, including the growth of the company's copper sector. Inflation has also been a good thing for the company, with the cost of coal rising as well.

Analysts therefore continue to reiterate a buy rating for the stock. And now is a great time to buy the dividend stock, considering it's still below 52-week highs and offers a dividend yield at 1.12%.

Look to the past for future growth

Teck stock is a dividend stock that's been on the market for decades. You can look to its historical performance for growth both in terms of its stock price but also for its dividend. Shares have come up 1,208% in the last two decades. That's a compound annual growth rate (CAGR) of 5.84%, which is very solid growth.

Meanwhile, the dividend has remained stable but, granted, isn't all that high. You can pick up Teck stock today with a yield of 1.12%. That comes to $0.50 per share annually. So, really, you're picking up this stock for the growth and get a bonus dividend.

Even so, Teck stock remains an unstoppable dividend stock. And that dividend could rise even higher as demand continues for this company. Only time will tell, but based on its historical and current performance, it looks like time is on Teck's side.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:TECK.B (Teck Resources Limited)

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