2 Growth Stocks That Also Offer Incredible Dividends

Description

What is coming for the market in 2023 is hotly debated. Some see a recessionary environment on the horizon. Others think we're due for a soft landing. Thus, the old growth stocks vs. value stocks discussion is underway once again.

I'm of the view that staying defensive right now probably makes the most sense. However, for those who don't have some allocation to growth when rates eventually drop again, one could miss out on some big capital-appreciation potential.

Thus, I think growth stocks that pay reasonable dividends are where I want to be right now. In this camp, there are two top Canadian stocks that I think investors should keep on their radar right now.

Top growth stocks with incredible dividends: Restaurant Brands

Restaurant Brands International (TSX:QSR) recently posted its fourth-quarter (Q4) earnings report. Jointly, it has also announced Chief Operating Officer Joshua Kobza as the new chief executive, replacing José Cil, effective from March 1, 2023. Unfortunately for investors, despite very strong numbers, the stock dipped immediately following the report.

I'm not sure why investors sold QSR stock. Indeed, following its initial sharp drop, this stock has already made back much of the ground it lost.

Restaurant Brands reported strong net income growth, with earnings surging from $262 million a year ago to $336 million this year. Additionally, the company's quarterly revenue surged 9% year over year to $1.69 billion. The company reported annual sales growth of 8% over Q4 and 12% sales growth system-wide.

Those are some stellar results. And it doesn't stop there. Restaurant Brands's management team has been thinking about ways to boost Burger King's domestic sales, planning to invest $400 million for marketing and renovation of the chain's locations. Therefore, investment analysts at Stephens have increased its price objective to $63.00 on QSR stock. Other than Stephens, **Royal Bank** also hiked its price target of Restaurant Brands from $70 to $80.

On top of this impressive growth, Restaurant Brands also pays out an impressive 3.3% dividend yield, with a payout ratio under 70%. As far as top-tier growth stocks in defensive sectors are concerned, this company remains my top pick.

Toronto-Dominion Bank

Toronto-Dominion Bank (TSX:TD) is one of the most popular banks in North America. The company recently posted strong Q4 earnings as well. In fact, the company's adjusted earnings of $4.06 billion (representing 5% year-over-year growth) may be more impressive than Restaurant Brands's. That's simply due to the lender's size and reflective of excellent performance in a tricky economic environment.

Due to this unexpected rise in profits, TD Bank has once again hiked its quarterly dividend. That's one of the reasons I like this stock.

TD stock currently has a dividend yield of 4.1%, which is higher than the industry standard, and continues to grow its yield in line with earnings growth over time. Thus, for those bullish on the state of the Canadian banking sector for the next few decades, this is a stock to consider on any dips moving forward.

On the growth side of the ledger, investors are watching how the company's recent investment in Jackson Acquisition will turn out. TD purchased 84,744 shares of Jackson worth approximately $844,000. Additionally, TD has declared a five-year Community Plan in a joint venture with the National Community Reinvestment Coalition. This plan will offer lending, banking access, philanthropy, and other activities for the benefit of underserved and diverse communities.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:QSR (Restaurant Brands International Inc.)
2. TSX:RY (Royal Bank of Canada)
3. TSX:TD (The Toronto-Dominion Bank)

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Date
2025/08/14
Date Created
2023/02/17
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