Dividend Stocks Are Making a Comeback! Here Are My Top 2 Buys

Description

The gap between growth investors and dividend stock investors has never seemed so large. Growth investors had their way in 2020, with tech stocks rebounding unbelievably well from the COVID-19 market crash. Blue-chip dividend stocks have had a slower climb back up.

There are lots of reasons for growth investors to continue being bullish in 2021. The 2020 market crash created all kinds of market opportunities for tech stocks last year, which resulted in massive share price growth in a very short amount of time.

With all the recent success in growth stocks, dividend stocks have unsurprisingly fallen out of favour for many Canadian investors. While I'd consider myself more of a growth investor, I believe there's a spot for a Dividend Aristocrat or two in any Canadian's long-term investment portfolio.

I've reviewed two top dividend stocks that even growth investors will want to have on their radars.

Dividend stock #1: Royal Bank of Canada

The Canadian banks were not among the top-performing stocks in 2020. The Big Five struggled to keep up with the broader market's returns for much of the year.

In 2021, I don't predict we will see a market-crushing year for the banks, but I do believe now is a great entry for a long-term investor.

Valued at a market cap of $150 billion, **Royal Bank of Canada** (TSX:RY)(NYSE:RY) is not only the largest Canadian bank, but it's the second-largest publicly traded company on the **TSX**.

With a global presence and a broad product offering, RBC is a perfect dividend stock if you're looking to add some stability to your portfolio. Having a cornerstone stock like RBC in your portfolio will allow you to take chances on those higher-risk growth stocks.

At today's stock price, the dividend stock owns a yield above 4%. Investors earn a quarterly dividend that totals an annual payout of $4.32 per share.

RBC may be a blue-chip Dividend Aristocrat, but this dividend stock also owns an impressive market-beating track record.

Over the past five years, shares of RBC are up nearly 50%. Over the past decade, the bank has delivered gains of close to 85%, which is more than double what the **S&P/TSX Composite Index** has returned.

The Canadian banks may not be among the top picks to outperform the market, but you can never underestimate the value of holding a reliable blue-chip dividend stock in your portfolio.

Dividend stock #2: Brookfield Asset Management

Speaking of market-beating dividend stocks, **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM) is no stranger to outperforming the Canadian market.

Shares of the $75 billion asset management company are up close to 100% over since 2016. Over the past decade, shares are up more than 250%.

This dividend stock certainly has the potential to continue to outperform the market over the long term. That growth potential is offset with a low dividend yield, though. Investors earn a dividend yield of just 1.2% at today's stock price.

Regardless of the size of the yield, Brookfield Asset Management has proven it's committed to growing the dividend. The company is now qualified as a Dividend Aristocrat, and investors can bank on the dividend growth to continue.

Similar to RBC, Brookfield Asset Management is a great choice for a cornerstone stock for a long-term investment portfolio.

The dividend stock is one of the largest asset-management companies in the world. It owns and operates businesses across a wide range of industries and can also provide shareholders with diversification through its broad geographic presence.

Foolish bottom line

If you're looking for a dividend stock strictly for the passive income, RBC is the stock for you. A yield of 4% with a track record like that of RBC's will be hard to match.

If you're looking for a Dividend Aristocrat with slightly more growth upside, go with Brookfield Asset Management.

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1. Bank Stocks

2. Dividend Stocks
3. Investing

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5. dividend aristo
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7. dividend stocks
8. Editor's Choice
9. RBC
10. royal bank of canada
11. RY

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