The 2 Best Canadian Dividend Stocks I'd Buy With $100 in 2021

Description

Are you looking to make some passive income in 2021? Fortunately for Canadian investors, there are plenty of top dividend payers to choose from. The best part is that many of the top Canadian dividend stocks don't force you to break the bank.

I've reviewed two top dividend stocks that are both trading below $100 a share right now. They might not be the highest yields on the market, but they more than make up for that with long-term growth potential.

You can't talk dividend stocks without mentioning the major Canadian banks.

The Big Five banks own some of the top dividend yields that investors can find on the market today. Not only do the banks own some of the highest yields, but they also have some of the longest payout streaks, too.

BMO and **Bank of Nova Scotia** have both been paying dividends to its shareholders for more than 180 years.

In terms of growth, the Canadian banks did not have a great year in 2020. The low-interest-rate environment has had a major impact on the bank's profitability levels. And with interest rates not looking like they will shoot up anytime soon, 2021 doesn't look like it will lead to much higher growth than last year.

Low-interest-rate environment or not, if you're looking for a reliable dividend stock, the Canadian banks are a top choice.

Dividend stock #1: Toronto-Dominion Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is at the top of my list of bank stocks in 2021. It might not have the highest yield or longest dividend-payout streak among the Big Five, but there's more than just a dividend to like about this bank.

There are two reasons that TD Bank is a top pick for me in addition to a 4% dividend yield.

The primary reason is that TD Bank has a prominent presence in the United States. Roughly 25% of the bank's net income is driven by its American operations. Why that's a selling point for me is because it's a stock that can provide a portfolio with exposure to the U.S. economy. That U.S. exposure can provide much-needed diversification to a Canadian portfolio. Not to mention the fact that the U.S. stock market has largely outperformed the Canadian market over the past decade.

The second reason is for long-term growth potential. TD Bank won't be able to match the growth returns that we're seeing from some of the high-flying tech stocks today, but outperforming the broader market over the long term is definitely not out of the question.

Over the past decade, the **S&P/TSX Composite Index** is up 35%. In comparison, TD Bank has delivered growth of more than 100% over the past 10 years.

At today's stock price, the $135 billion bank owns a dividend yield of 4.2%.

Dividend stock #2: Brookfield Renewable Partners

The renewable energy sector was one of the top-performing sectors in 2020. The rise of climate concerns and leading companies across the globe committing to plans of becoming 100% carbon-free has led to green energy stocks ranking as some of the hottest on the market today.

Heading into 2021, one of my top priorities is to add some exposure to the renewable energy sector to my portfolio.

Brookfield Renewable Partners (TSX:BEP.UN)(NYSE:BEP) is at the top of my watch list.

The dividend stock might only own a dividend yield of 2.4%, but its growth potential more than makes up for it. Shares of Brookfield Renewable Partners are up more than 400% over the past decade.

Growth of 400% might be difficult to repeat, but I honestly don't believe it's impossible. I'm banking on this stock to be a market beater over the next five to 10 years.

Foolish bottom line

If you're looking for a dividend stock, don't just look for the highest yield available. Dividend stocks can often offer investors much more than just passive income, such as growth potential or exposure to a specific geographic region.

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