2 Top Canadian Stocks I Would Buy With $2,000 for 2021

Description

Year to date, the Canadian market is up about 3%, but it's been a volatile past two weeks. There's plenty of optimism around Canadian stocks rebounding this year, but volatility in the short term can make even the most seasoned investors act irrationally.

During volatile market periods, I try to stick to the basics. I do my best to not make any irrational moves and look to add Canadian stocks to my portfolio that I'd add even if we were in a bull market. Although that is often easier said than done.

For investors frantically deciding what to do during this market dip, I've got you covered. I've reviewed two top Canadian stocks that might not be the fastest-growing investments, but there are a handful of reasons why you'd want to own both companies in a long-term investment portfolio.

Canadian stock #1: Toronto-Dominion Bank

While lots of tech stocks soared last year amid a global pandemic, the major Canadian banks struggled to keep up with the market.

The Canadian banks may not return to market-beating growth in 2021, but I've got my eye on **TD Bank** (TSX:TD)(NYSE:TD) for more reasons than just growth. And for what it's worth, shares of TD Bank are up more than 80% over the past decade in comparison to the Canadian market's return of barely 30%. That's not even including dividends either.

I've got this Canadian stock on my watch list for two reasons: one, for passive income, and two, for its exposure to the U.S. economy.

At today's stock price, TD Bank's annual dividend of $3.16 per share is good enough for a yield of just about 4%. In addition to the impressively high yield, this is one dividend you can count on quarter after quarter. The Dividend Aristocrat has been paying a dividend to shareholders for more than 160 years now.

Roughly one-third of TD Bank's net income is driven from the United States. The reason why that has me interested as an investor is because it provides diversification to my portfolio. It provides exposure to a non-Canadian market. Not to mention one that's has largely outperformed the Canadian stock market over the past decade.

Canadian stock #2: Brookfield Asset Management

My second pick won't make any growth investors jump out of their seats either.

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) has definitely been a market beater over the past decade. But once again, growth isn't the only thing on my mind.

Over the past 10 years, shares of this Canadian stock have returned more than eight times the growth of the Canadian stock market. And again, I don't have Brookfield Asset Management on my watch list for its growth potential.

This Canadian stock does also pay a dividend but yields just 1.25% at today's stock price. It's the diversification once again that has me looking to add this company to my portfolio.

Owning shares of Brookfield Asset Management is basically like owning a total stock market index fund. The asset management company owns all sorts of different businesses across the globe. Shareholders benefit from gaining exposure to both different sectors and economies.

The main difference with this Canadian stock from a total stock market fund is the growth potential. You'd be hard-pressed to find an index fund that has returned 300% in growth over the past 10 years.

Foolish bottom line

Volatile market periods are not easy for any type of investor. The good news for us long-term Foolish investors is that we don't need to sweat the short-term price movements. We get to sit back and relax and pick up shares of top companies that are on sale.

If you're looking to add two top companies to your portfolio, TD Bank and Brookfield Asset Management are two great places to start. Together, investors can benefit from passive income, diversification, and market-beating growth potential over the long term.

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