



3 Dividend Stocks for Your First Portfolio

Description

If you're building your very first stock portfolio, by now hopefully you understand what a daunting task it is. Likewise, if you're reviewing your holdings for the first time in a while, chances are you have a lot of work to do.

This task isn't as difficult as it seems; the hardest part is often finding a place to start. On that note, below we look at three dividend-paying companies that make a great foundation for any portfolio, whether you're building a new one or just need an overhaul.

1. Royal Bank

Royal Bank of Canada ([TSX: RY](#))([NYSE: RY](#)) is not only Canada's largest bank, it's also the country's largest company. And it's very well-positioned to compete globally. Why is this the case?

The reason is quite simple. In the aftermath of the financial crisis, many of the world's largest banks have been in retreat, preferring to build up capital and simplify their business models. That means RBC can swoop in and fill the void. More specifically, it means the bank can acquire wealth management businesses at bargain prices, and also gain market share in capital markets.

RBC is also not overly expensive, trading at 13.4 times earnings. As a result, its dividend yields a healthy 3.6%. So the bank is not a bad start when building your portfolio.

2. BCE Inc

If you're looking for safe, reliable companies for your portfolio (you should be), then Canada's big three telecommunications providers are a great place to look. The industry operates with little competition, high barriers to entry, and subscription-based pricing. So revenue and earnings are very steady, a perfect ingredient for big dividends.

For example, consider **BCE Inc** ([TSX: BCE](#))([NYSE: BCE](#)), Canada's largest telco. The company trades at just over 15 times its expected earnings for this year – so it doesn't appear to be a bargain at first glance. But because earnings are so stable, the company can afford to pay nearly 80% of its

earnings out to shareholders. As a result, its dividend yields over 5%, a very high number for such a stable company.

So if you're building a portfolio, BCE is another great place to start.

3. Bank of Nova Scotia

Bank of Nova Scotia ([TSX: BNS](#))([NYSE: BNS](#)) is Canada's most international bank, with about half of its earnings coming outside our borders. More specifically, Bank of Nova Scotia has sizable operations in emerging markets, especially Mexico, Colombia, Peru, and Chile.

These countries not only have healthy, rapidly growing economies, but they also have under-banked populations. So as more people in these countries need loans and deposits, Bank of Nova Scotia should have no trouble growing earnings.

Considering these tailwinds, Bank of Nova Scotia shares are not overly expensive, at 13.6 earnings. The stock also comes with a 3.5% yield. So along with RBC and BCE, this company is a great place to start when building your first portfolio.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:BCE (BCE Inc.)
5. TSX:BNS (Bank Of Nova Scotia)
6. TSX:RY (Royal Bank of Canada)

Category

1. Investing

Date

2025/07/25

Date Created

2014/07/17

Author

bensinclair

default watermark