Dividend Investing: 2 TSX Giants to Buy

Description

Unrest in the stock market has created buying opportunities for long-term investors. In particular, those focused on dividend investing can find outsized yields for relatively cheap.

However, it's vital for investors to be mindful that not all yields are safe during these trying times. So, it's important to take a look at a stock's long-term outlook and the strength of its balance sheet.

Today, we'll look at two such TSX stocks that offer great yields and look poised to grow in the future. Either of these stocks could be crucial components of a solid dividend investing strategy.

Telus

Telus (TSX:T)(NYSE:TU) is a large Canadian telecom company. It provides mobile services, TV, internet, and healthcare to Canadians.

Like most other stocks, Telus was hit by the market crash. However, it has recovered recently and is not far off from its mid-February price levels now.

With a 4.8% yield, Telus is an interesting pick for dividend investing. Its position in the mobile market is quite secure. Plus, its foray into healthcare should be paying off during these times.

With 5G soon to be accessible nationwide, Telus stands to benefit from a boom in data demand as well. The company has long been focused on solid infrastructure and premier customer service, and this should help it remain a big player as 5G rolls out.

Despite a recent recovery in the share price, the 4.8% yield still exceeds the average yield from the past five years. As such, investors can still lock in a juicy yield with solid upside in the share price.

If you're looking for a telecom stock with good growth prospects and a solid yield, Telus fits the bill.

BCE

BCE (TSX:BCE)(NYSE:BCE) is the holding company for Bell MTS and the Bell Canada group of companies. It has a market cap of $51.85 bilion and a yield of 5.81%.

Like with Telus, BCE was hit hard by the crash but has since recovered quite nicely. It's still trading below its February levels, which underscores the current uncertainty in the market.

BCE has long been a market leader in the mobile services space in Canada. It frequently offers top-of-the-line infrastructure and quality to its customers.

Recently, BCE announced it would be partnering with Ericsson to deliver 5G to its customers. The pair worked together on BCE's award-winning 4G LTE offering as well. The company expects to be rolling out 5G by the end of 2020.

Although BCE faces challenges along the way, the long-term outlook should still be largely positive for dividend investing. The yield of 5.81% is attractive and the long-run growth is still very much available.

Plus, the company has a strong balance sheet and a penchant for finding ways to innovate and grow.

Dividend investing strategy

For great dividend investing results, it's vital to pick healthy companies with big but sustainable yields. Telus and BCE both fit that description and have solid growth prospects for the future.

At the moment, investors can pick up these stocks with outsized yields to lock in great dividends. Over a long enough horizon, the total return potential of these stocks should be attractive for long-term investors.

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Author
jagseguin