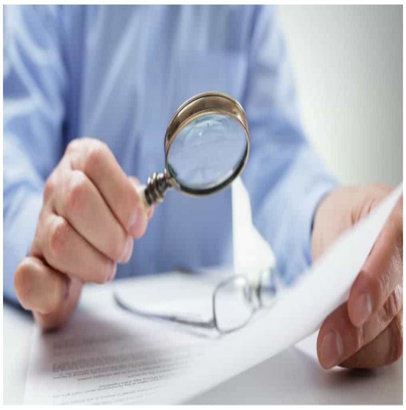

Dividend Investing: 3 TSX Superstars to Watch

Description

As markets remain relatively unsettled, the long-term buying opportunities are plentiful. In particular, those focused on dividend investing can scoop up some blue-chip heavyweights at decent prices.

Of course, there's no question the economy is in for a rough time in the short term. However, a long-term investor who's looking to hold a stock for, say, +20 years isn't overly concerned with the economy's performance in any single given year.

By dividend investing with top blue-chip stocks, investors can achieve massive total returns over time. The upside in share price combines with the compounding of a large yield to make for great results.

Today, we'll look at three TSX superstars with great track records that are paying outsized yields.

RBC

Royal Bank of Canada (TSX:RY)(NYSE:RY) is a major Canadian bank. It's a household name to Canadian investors with its longstanding track record of growth and stability.

Like nearly all stocks, RBC has been affected by the market crash and economic fallout. As of writing, it's trading at $94.56 and yielding 4.57%.

RBC has its fair share of question marks in the short term, but with a healthy balance sheet and government backing, long-term investors should still have it on their shopping lists.

The 4.57% yield is perfect for dividend investing and exceeds the average yield for RBC over the past five years.

One of RBC's biggest commitment to investors is maintaining and growing its dividend. So, barring any out-of-the-blue cuts, investors can lock in that yield now for future gains.

TD

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is another one of Canada's major banks.

Like with RBC, TD has been hurting a bit recently but has been recovering in the past week or so. As of writing, TD is trading at $62.57 and yielding 5.05%.

In the recent earnings report, TD was one of the banks that announced a massive spike in loan-loss provisions. However, the bank's balance sheet and access to liquidity should help it ease these short-term concerns.

Over the long run, there's no doubt TD's outsized yield of 5.05% is attractive for dividend investing. Like its peers, TD is deeply committed to maintaining and growing its yield for its investors.

Even during tough circumstances, don't expect TD to go slashing its dividend.

Dividend investing with Enbridge?

Enbridge (TSX:ENB)(NYSE:ENB) is a large energy transportation company based in Calgary, Alberta.

As economic conditions have taken a toll on Enbridge's share price, its yield has skyrocketed. As of writing, Enbridge is trading at $44.39 and yielding 7.29%.

While that yield is eye popping at first, a quick look under the hood might deter people from dividend investing with Enbridge.

While stocks like TD and RBC have strong underlying financials and somewhat comfortable payout ratios (both around 50%) at the moment, the same can't be said for Enbridge.

The balance sheet has been deteriorating in some aspects as of late and the payout ratio stands at a whopping 308.57%.

Overall, it doesn't look like Enbridge is in a great position to cover its dividend with cash flow going forward.

Perhaps some investors will deem Enbridge's 7.29% yield worth the risk, but for the standard buy-and-hold investor, it may not be a prudent move given the availability of other alternatives.

Dividend-investing bottom line

Currently, many blue-chip TSX stocks are offering solid yields at decent prices. For the purposes of long-term dividend investing, this means buying opportunities are present.

However, investors must be mindful of the current economic conditions when looking at stocks and weigh the risks against the rewards to make a decision.

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