Dividend Investing: 2 Giants Yielding Over 5%

Description

With stocks trading at relatively low levels, dividend yields are naturally climbing higher. As such, those focused on dividend investing can lock in great yields today.

Of course, there's reasoning behind the low prices observed today. A closed down and otherwise tightening economy, lower interest rates, and general uncertainty all play a major role.

It's therefore vital for investors not to simply chase after the highest yields they can find. As in past crises, we've already seen some stocks dish out severe dividend cuts and cautious guidance.

Instead, those interested in dividend investing can turn their attention to resilient blue-chip stocks. These are stocks with the means to maintain their yields through these conditions all the while providing decent upside for the future.

Today, we'll look at two such **TSX** giants yielding over 5% and poised to deliver long-term results.

Bell

BCE (TSX:BCE)(NYSE:BCE) is a major player in the Canadian telecom space, often cited as a member of the big three in Canada. It also provides other media and entertainment services through its various segments and divisions.

It's not hard to see that BCE has been hit fairly hard in recent months. This dividend investing star was trading as high as $63.59 on March 4 and is trading at $56.72 as of this writing.

While business has lagged for BCE, it hasn't been a complete disaster. Year-over-year quarterly revenue growth sits at -0.9%. While negative growth is never encouraging, many stocks are posting negative figures in the double digits.

With that in mind, BCE is still able to cover its yield, which sits at 5.88% at the time of writing. For the purposes of dividend investing, that yield is mouth-watering.

Plus, BCE probably has some positive growth ahead as 5G networks are still set to roll out across Canada by year's end. The company will look to continue providing customers 5G data service with industry-leading infrastructure.

BCE has had some hits to its bottom line, but the yield appears manageable for now and clocks in at a hefty 5.88%.

BMO

Bank of Montreal (TSX:BMO)(NYSE:BMO) is a major Canadian bank. It mainly focuses on its presence within Canada and the U.S. under its BMO Harris segment.

Similar to most other stocks, BMO has fallen quite drastically in recent months. This dividend investing giant is facing a lot of hurdles in the current economic climate, and razor-thin interest rates can't be helping margins either.

As of this writing, BMO is trading at $75.28 and yielding 5.61%. For long-term investors, that value proposition should be very attractive, as BMO's five-year average yield is merely 4.04%.

Despite posting some scary numbers, namely year-over-year quarterly revenue growth of -31.3%, BMO still has a payout ratio of only 55.81%. Coupled with its phenomenal track record for maintaining its yield, and BMO should instil confidence in prospective dividend investors.

Dividend investing strategy

There's no question that BCE and BMO have a tough road ahead in the near term. These stocks face both shared and unique challenges as they navigate the economic landscape.

However, both are rock-solid blue-chip stocks that are well capitalised. Their yields should still be viewed as dependable by potential investors.

If you're looking to add to a dividend investing plan, specifically one with an eye on the long run, be sure to consider BCE and BMO.

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2. NYSE:BMO (Bank of Montreal)

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