Dividend Investing: 2 Blue-Chip Stocks to Buy

Description

When it comes to dividend investing, investors often look for a strong track record and proven reliability. It's no use pursuing the most eye popping of yields if the dividend is unsustainable.

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As such, heavyweight blue-chip stocks have long been the go-to stocks for dividend investors. These are stocks with the financial stability to pay consistently growing dividends over time.

Even in a relatively volatile market, long-term investors can still comfortably pick up such stocks. In fact, some of these stocks are currently offering large yields that investors can lock in.

Today, we'll look at two such TSX blue-chip stocks perfect for dividend investing. They offer high yields with great stability and growth potential for the future.

BCE

BCE (TSX:BCE)(NYSE:BCE) is a large Canadian holding company for Bell MTS, Bell Canada, and other subsidiaries such as Bell Media.

With such a diverse set of operations, BCE has a wide range of revenue streams. This helps insulate it against specific market forces and gives it long-term stability. Through its subsidiaries, it's one of the major players when it comes to TV, internet, and mobile phone services in Canada.

Like with most other stocks, this dividend investing star has felt some pain in 2020. However, it's almost back to trading where it started the year at. Plus, its dividend is still over 6% as of this writing, offering tremendous value for the long term.

With 5G networks rolling out across Canada, BCE will look to capitalize with its great infrastructure and partnerships. If the demand for more high-speed data continues to ramp up, this could be a source of growth for the stock.

Those focused on dividend investing might be concerned with a payout ratio exceeding 100%, but as the stock continues to get back on track in the coming quarters, the ratio should pull back.

If you're looking for a solid blue-chip stock, BCE is a great pick for the long run.

Bank of Montreal

Bank of Montreal (TSX:BMO)(NYSE:BMO) is one of Canada's major banks, with a market cap of $51.81 billion. It offers a wide range of financial products and services and has a growing presence in the U.S. as well.

As of this writing, BMO is offering a yield of 5.28%, which is comfortably above its five-year average yield of about 4%. It's also had a quick turnaround considering the circumstances of 2020, as its year-over-year quarterly revenue growth is already back in the positive range at 6%.

With a payout ratio of only about 60%, investors shouldn't be concerned with the reliability of the yield for dividend investing. BMO also has access to plenty of liquidity and extra support.

BMO hasn't missed a dividend payment since it introduced one in 1829. So, long-term investors can still be comfortable with BMO as a dividend stock, even in this economic climate.

With a decent value proposition and a larger than average yield on offer, BMO makes for a good long-term dividend investing pick.

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Dividend investing strategy

Both BCE and BMO can be major components of a dividend investing plan. They offer juicy yet sustainable yields backed up by sturdy financials and overall resiliency.

If you're looking to add some blue-chip stocks for long-term investing, be sure to give these stocks consideration.

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