



2 Blue-Chip Stocks With Massive Yields

Description

One of the reasons long-term investors seek out [blue-chip stocks](#) is for their juicy dividend yields. However, the reliability and sustainability of the yield is also vitally important.

It doesn't really matter how large a dividend is if it's due to be cut massively or paused altogether. Now, blue-chip stocks tend to have some of the safest dividends around as well, but it's still important to remain vigilant for issues.

Over the long term, blue-chip stocks that pay steady and reliable dividends can give investors great total returns. When accounting for the power of compounding, the results can be remarkable, provided the right stocks are chosen.

Today, we'll look at two TSX heavyweights offering [big dividends](#) to investors.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a name that should be very familiar to investors seeking blue-chip stocks with good dividends. It's one of the premier Dividend Aristocrats, having grown its dividend every year since 1996.

Of course, 2020 has been a challenge for most stocks, and Enbridge is no different. It's down about 25% year to date as of this writing and has had various market forces to combat.

Earlier this year, the price of oil plummeted and, by proxy, Enbridge felt a lot of that pain. While there's certainly tangible issues here, long-term investors might have noted this sharp decline in share price has resulted in the dividend yield soaring higher.

As of this writing, Enbridge is yielding a whopping 8.47%. In comparison, this blue-chip stock's five-year average yield is 5.25%. So, it is clearly offering an outsized yield at 8.47%.

Now, there are some major caveats when it comes to this yield. For one, year-over-year quarterly

revenue growth sits at -40%, which can't bode well for the sustainability of such a high yield.

Moreover, the dividend-payout ratio sits at an eye-popping 329.36% as of this writing. Once again, not exactly a great sign that the dividend is sustainable for a long period.

While Enbridge has shown a fierce commitment to maintaining its dividend over the years, the cards could be stacked against it here.

TD Bank

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is a major Canadian bank that dividend investors have long been able to rely on. This is a blue-chip stock that has paid dividends every single year since 1857.

That means, through thick and thin, TD has been able to keep its commitment to investors and continue to pay out dividends. Of course, TD is well-capitalized and has access to lots of liquidity and other support mechanisms that help it achieve this.

While this blue-chip stock has been hit hard this year, it's certainly a viable option for long-term dividend investors. As of this writing, TD is trading at \$60.21 and yielding 5.25%.

This yield exceeds the five-year average yield of 3.72%. Plus, given its proven stability and a payout ratio of only 59.3%, there isn't much cause for concern for this dividend.

There could be more bumps in the road ahead, but this blue-chip stock is certainly positioned to deliver good results for long-term investors.

Blue-chip stock strategy

Both these TSX giants are premier blue-chip stocks for long-term investors. While Enbridge likely can't keep its dividend payment over an extended period, the reward might be worth the risk for some investors.

Meanwhile, TD can provide steady results for investors looking for a safer, but still juicy, dividend. If you're looking to add a dividend-paying stock to your portfolio, give these names consideration.

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2. NYSE:TD (The Toronto-Dominion Bank)
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4. TSX:TD (The Toronto-Dominion Bank)

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