Dividend Investing: 2 Heavyweights to Bank On

Description

When it comes to dividend investing, a juicy yield is only part of the equation. That is, it's also extremely important that a dividend be reliable and sustainable.

After all, a big dividend that's due to be cut is of little use to long-term investors. Instead, blue-chip stocks with dependable yields can deliver great results over time.

In particular, bank stocks tend to be ideal for dividend investing in Canada. They provide nearly unrivalled stability with potent growth potential in both the dividend and the share price.

As such, investors seeking out dividends should keep a close eye on them. Even if there's bumpy roads ahead, the long-term sentiment for these stocks is still very positive.

Today, we'll look at two **TSX** banking stocks that Canadian investors might want to grab a piece of.

CIBC

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is one of the major banks operating in Canada. It offers customers a range of products and services to match a diverse array of needs.

What it offers to investors is proven stability and a hefty dividend. As of this writing, CM is trading at $106.15 and yielding 5.5%.

When you can get a yield in excess of 5% with a major blue-chip TSX stock, investors should take note. Over time, dividend investing with CM could prove to be very fruitful if it maintains solid growth trajectories.

In fact, with the power of dividend re-investment, that yield could help CM investors turn $10,000 into over $50,000 over 20 years. This is also assuming very modest annual growth rates of around 3% on both the share price and the dividend itself.

Of course, there are sure to be tough times ahead during that time-frame, so this projection is to be taken as a rough figure. The point it illustrates is that the total return potential is certainly there for this dividend investing star.

If you're looking to add a big bank stock to your portfolio, CM could be a very lucrative choice.

BMO

Bank of Montreal (TSX:BMO)(NYSE:BMO) is another major Canadian bank, and has strong footing in the U.S. on top of its Canadian operations.

When it comes to long-term dividend investing, it's hard not to mention BMO. This stock is a prime example of reliability over a long period of time.

In fact, it actually boasts the longest dividend payment streak in Canada. It's paid a dividend every single year since it introduced a dividend in 1829.

That's quite a remarkable track record, especially given the ups and downs the world has seen since then. While 2020 has presented unique challenges, BMO has shown it's well-equipped to face those too.

It's a very well-capitalised stock with a strong balance sheet and iron-clad stability. For those focused on dividend investing, BMO is a great choice.

As of this writing, it's trading at $87.13 and yielding 4.87%. A near-5% yield with BMO should be more than palatable for Canadian dividend investors.

Dividend investing plan

If you're looking to pick up some dividend investing stocks, CM and BMO both offer great total return potential. Over the long run, and harnessing dividend-reinvestment and compounding, investors stand to prosper with these stocks.

Be sure to keep an eye on these Canadian heavyweights to score a big dividend.

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