3 Top TSX Dividend Stocks to Buy Today

Description

Investors seeking defensive dividend stocks have three top picks to choose from below. Let's explore some of the reasons why these names belong in a passive-income portfolio.

Lower the risk with income stocks

A 47-year run of continual dividend payments makes **Fortis** (TSX:FTS)(NYSE:FTS) a reassuring play in the long term. A 3.8% dividend yield is moderate but perfectly formed. A 72% payout ratio provides both decent coverage and the room for distribution growth. All this, and Fortis also and comes with fairly decent value. Yes, a price to book of 1.4 could be better, but for the high quality on offer, it may be worth paying the premium.

Fortis is extremely low volatility and, on average, has been flat for the year. That share price stability has held for the last three months and also for the last four weeks. This is a name that just doesn't move much. While that counts it out for capital gains investors, it should reassure income buyers. Its 36-month beta is incredibly low at 0.08. As a name that can be packed in a buy-and-hold portfolio, Fortis delivers.

Leon's Furniture (TSX:LNF) may not sound like much of a defensive name at first glance. However, there are some sound reasons behind this pick. For one thing, the work-from-home thesis is still strong. While some predicted a swift end to the pandemic, the Toronto lockdown suggests that the end is not yet in sight. While this has bumped tech stocks higher, there's room for growth in homeware as well.

Home Depot has been enticing some U.S. investors for this very same reason. A focus on working from home logically suggests an upside thesis in home improvements. Leon's Furniture fits this thesis to a tee. It's also attractively valued, pays a decent 3.2% dividend, and has a healthy balance sheet. Investors have pushed Leon's Furniture up 23% in the past three months, highlighting its suitability for the current market.

Low-risk dividend investing

As Canada's smallest of the Big Six banks, **National Bank of Canada** (TSX:NA) has some catching up to do. If this actually materializes National Bank could take shareholders along for the ride. A switching up of market share could be forthcoming. If so, there could be room at the top. Its dividend yield of 3.8% may be middling for a Big Sixer, but coverage is excellent at 47% and leaves room for payout growth.

Better value can be had elsewhere if you're looking for extra exposure to financials. For instance, National Bank's P/B ratio of 1.8 times book is somewhat high for a Canadian bank. But what's interesting here is the growth opportunities at stake. Few banking investors may be aware that National Bank could bring total returns of 106% by 2025, for example.

All told, these three stocks are good value for money, pay decent dividends, and could reward shareholders with growth passive income. A multi-year portfolio organized around dividend growth could do far worse than to incorporate such names. And by mixing Fortis, Leon's Furniture, and National Bank, investors also have a ready-made mini-portfolio that's diversified across multiple sectors.

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1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:LNF (Leon's Furniture Limited)
4. TSX:NA (National Bank of Canada)

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vhetherington