



Hungry for Dividends? This Stock Has the Best Dividend on the TSX

Description

Finding the best dividend stock on the TSX is a difficult task. This exercise involves objective and subjective criteria. As a conservative long-term investor, I assess dividend safety first. Dividend growth and dividend yield are the other primary parameters. Accordingly, in the context of companies with the safest dividends on the TSX, I believe the company with the best dividend today is **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)).

Safety is everything

Scotiabank's dividend is one of the safest that exist today. The company's track record of paying dividends for almost two centuries is absolutely incredible. While prior dividend payouts do not indicate what the future holds, these are reliable indicators for what may be on the horizon. Breaking any streak is hard to do; when it's an absolutely incredible streak, management has a real incentive to maintain or increase the dividend over time.

Additionally, another reason I like Scotiabank relative to other options is the company's dividend-growth trajectory. The company has a [185-year history](#) of never missing a dividend payout. Over the years, the company has steadily increased its dividend distribution.

The company's current dividend yield of 5.3% is incredibly juicy, considering where long-term bond yields are at today. Getting more than 10 times the five-year government bond yield with the highest level of safety a stock can offer is more than decent. It's incredible.

How does Scotiabank stack up to its peers?

Below is a chart with the dividend yields of the Big Five Canadian banks as of Dec. 28 (rounded for simplicity).

Company	Yield (%)
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CIBC	5.3%
Scotiabank	5.3%
BMO	4.4%
TD	4.4%
Royal Bank	4.1%

Investors will notice that Scotiabank's dividend yield tops the chart. CIBC's yield is slightly higher, though approximately equivalent (few bps higher).

Bottom line

In my view, Scotiabank continues to have the best yield in the Canadian financials space among the Big Five lenders. When all factors are taken into consideration, Scotiabank's value proposition is simply superior to all other financial plays in Canada today.

The company's growth in the U.S. and globally will support the company's bottom line, but also cement its dividend payouts over time. I expect further dividend increases on the horizon as well, making this an excellent dividend-growth and safety play.

For investors looking for reliable income, next to government bonds, Scotiabank's dividend is about as safe as it gets right now. Additionally, Scotiabank is among a group of lenders that is too big to fail in Canada. Turns out this company is also too old to cut or suspend its dividend. Using history as a guide, and looking forward to a future of growth, dividend investors don't have many better options than Scotiabank today.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Bank stocks
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TICKERS GLOBAL

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2. TSX:BNS (Bank Of Nova Scotia)

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