Dividend Income: 2 TSX Blue Chips to Watch

Description

The **TSX** is home to many blue-chip stocks with reliable yields. For investors seeking dividend income, that's great news.

However, it's important for investors to not get caught chasing yields. This often results in holding stocks with subpar performance.

Instead, investors must focus on stocks with dividends that are sustainable. After all, a juicy yield isn't worth much if it's primed for a hefty cut anyway.

So, it's vital that investors can identify the stocks to meet their goals. For generating dividend income, there are many blue-chip TSX stocks that fit the bill.

Today, we'll look at two such names that can help set up a solid passive income stream.

Scotiabank

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is a major Canadian bank, with the third largest market cap amongst Canadian banks.

When it comes to dividend stability, it's hard to beat BNS, as it's paid a dividend every year since 1832, and grown its dividend for most of that time too.

Even through a rough 2020, BNS remained committed to providing its investors with value. Now, as economies around the globe continue to inch towards strong recoveries, BNS' global portfolio of positions could flourish.

This all means that investors seeking dividend income should be intrigued by BNS as an option. As of this writing, it's trading at $79.45 and yielding 4.53%.

As far as bank stocks go, that's a pretty solid yield – not to mention that BNS has various avenues for growth and stability moving forward.

With an investment of $50,000, an investor could generate $2265 in a single year in dividend income with BNS. That's a solid way to boost a passive income stream with a major Canadian bank.

While many blue-chip stocks offer similar or high yields, very few offer the same stability as BNS. As mentioned, yield chasing often ends up being sub-optimal, as excessively large yields are typically a red flag.

If you're looking to boost your dividend income, be sure to take a look at BNS.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a major Canadian utility holding company, with operations spanning multiple continents.

FTS is typically thought of as a more defensive stock, and that's certainly true. It tends to ignore the pressures of the market and beat to its own drum.

This is due to the fact its revenue streams are so concrete, reliable, and safe. FTS conducts much of its business through thoroughly regulated contracts, so the company's revenue expectations are usually very stable.

This also translates to a rock-solid dividend offered to investors, backed by a steady flow of revenue. As of this writing, FTS is trading at $54.63 and yielding 3.7%.

The company has a solid track record for maintaining and growing its dividend, and could be a solid choice for dividend income portfolios.

Of course, investors give up a bit in way of the yield for that extra defensive cushioning. While t is might not be ideal for all types of investors, but investors with a slightly short horizon or less risk tolerance may prefer a stock like FTS.

Dividend income strategy

Both BNS and FTS can offer investors a solid path to sustainable dividend income. If you're looking to add some passive income components to your investment mix, these two names are worth further consideration.

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1. Bank Stocks
2. Dividend Stocks
3. Investing

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2. NYSE:FTS (Fortis Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
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