Dividend Investing: 2 Reliable TSX Gems

Description

When it comes to dividend investing, the size of the yield is only one part of the equation. The yield's stability is a crucial component to consider as well — and probably the most important thing to most investors.

If you're dividend investing for the long term, you'll typically see the best results from stable dividends that grow gradually over time. Stocks that offer outsized but unsustainable yields typically cut those dividends at some point, which could leave you worse off.

Instead, it's prudent to focus on stocks that have solid dividends with achievable growth trajectories for the future. While these may not be the most exciting names to invest in, they'll usually deliver the goods when it comes to total returns.

Today, we'll look at two such **TSX** heavyweights ideal for dividend investing.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a massive Canadian electric utility holding company, with operations across multiple continents. As of this writing, it sports a market cap of $25.73 billion.

Fortis has long been a favourite among dividend investing proponents. It continuously offers investors modest share price growth with a rock-solid and growing dividend.

It's able to do this because of the way its revenue sources are structured — that is, Fortis delivers the majority of its utility services through regulated contracts.

As such, its income is generally very stable and predictable. This translates directly to an extremely solid dividend for investors.

As of this writing, Fortis is trading at $54.86 and yielding 3.68%. While that's not a massive yield by any stretch, it's backed up by a true TSX heavyweight.

For the purposes of dividend investing, that figure is more than palatable. Over time, that could compound into a large return for a TSX investor.

Also, Fortis has the added bonus of insulating investors against market forces. With a beta of 0.05, Fortis tends to barely move with the markets.

That stability could be something investors are interested in given recent market conditions. It's definitely something worth considering for long-term dividend investing.

Scotiabank

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is a massive Canadian bank with a strong international presence as well. As of this writing, it has a market cap of $94.82 billion.

As one of the major Canadian banks, BNS should be naturally on most dividend investing radars. It has a wide moat of revenue sources due to its varied array of products and services, which translates to a juicy and reliable yield for investors.

As of this writing, BNS is trading at $78.27 and yielding 4.6%. That dividend has room to grow going forward and is easily sustainable as well, given the stock's 67% payout ratio.

Not to mention, BNS has also paid a dividend every year since 1832, and grown it for most of that time. Even with the extremely tough market conditions of 2020, BNS remained committed to delivering value to its investors.

Those looking at dividend investing with BNS should be happy with it. Over time, this banking giant easily has the ability to deliver solid total returns to patient yield hunters.

Dividend investing strategy

Both FTS and BNS can be great additions to a dividend investing plan. If you've been looking to add some TSX heavyweights with solid yields, give these two names another look.

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