



3 Top Dividend Stocks to Buy This Summer

Description

Volatility is ramping up once again in the markets. As investors search for defensiveness, income stocks come to mind as one way to add defensiveness to one's portfolio.

Here are three great dividend stocks to consider in this environment.

Scotiabank

Among the large Canadian banks, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) continues to make my list of [top picks](#).

Indeed, this lender provides Canadian investors with a great deal of diversification. The company's operations are heavily exposed to emerging markets. For those seeking growth, that's a great thing. For those also seeking to reduce exposure to the Canadian market, this is a green option.

Scotiabank's dividend yield of 4.6% is among the highest of its peers. Indeed, compared to where bond rates are, this bond-like proxy serves income investors well.

The company's dividend is solid, supported by a dividend-payout ratio of less than 70% at the time of writing. Additionally, Scotiabank's track record of dividend increases and stability should serve investors well. When the company is able to resume dividend hikes, it's safe to say investors will get more dividend income over time.

Scotiabank's recent earnings growth combined with a solid balance sheet and capital ratios makes this one of the most defensive bank picks on the TSX right now. This income stock ought to be on every investors' watch list right now.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) has an average annualized total return of above 13% in the last two

decades. This incredible return is courtesy of Fortis's sound business model and low-risk utility businesses.

The forward dividend yield Fortis provides of 3.7% is solid. However, investors may take note at the company's history of dividend increases. Fortis hasn't missed an annual dividend hike in nearly five decades. This fact puts Fortis in the upper echelon of Dividend Aristocrats today.

Fortis's long-term regulated utilities contracts provides extremely stable cash flows over time. This sort of earnings predictability is something dividend investors should look for in any dividend-paying stock. Fortis expects to continue raising its dividend in the mid-single-digit range over the medium term.

Accordingly, investors with long-term income needs may want to consider this stock. It's a great pick for those nearing or in retirement and looking to hold long term.

Suncor

In the energy space, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) remains one of my top picks.

This oil and gas player reported relatively strong earnings of late. These earnings have been boosted by much-improved commodity prices of late. Accordingly, for those who believe the bull market we're seeing in commodities is only getting started, Suncor is a great pick.

The company's reported earnings of \$821 million this past quarter blew away the previous year's quarterly loss of \$3.5 billion. If this doesn't speak to Suncor's exposure to energy prices, I don't know what does.

Suncor has been increasing oil production and stands to benefit in this current macroeconomic environment. Those who believe the pandemic recovery will likely be stronger than expected may want to give this stock a hard look today.

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2. NYSE:FTS (Fortis Inc.)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:FTS (Fortis Inc.)
6. TSX:SU (Suncor Energy Inc.)

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