Dividend Investing: 2 TSX Kings to Buy

Description

Dividend investing is an easily employable strategy for Canadian investors. This is because the TSX is home to many solid dividend-paying stocks.

However, some of these stocks are more suitable for long-term dividend investing than others. That's due to the fact that some stocks have more reliable dividend-growth profiles moving forward.

In fact, avoiding yield traps is a major component of successful dividend investing for Canadians. It's typically wise to dodge stocks with extremely high yields if the stock doesn't appear to have the means to sustain the dividend.

At the end of the day, a big dividend that's destined to be cut isn't of much value to investors. Instead, long-term investors should eye blue-chip stocks with reliable growth paths.

Today, we'll look at two TSX kings with juicy but sustainable dividends.

BMO

Bank of Montreal (TSX:BMO)(NYSE:BMO) is one of the major Canadian banks and just had a strong earnings report.

This report has caused some analysts to boost projections for the stock, and BMO appears to be well on its way to continuing to deliver outstanding value to investors. The stock has weathered the recent storm in the stock market and is poised to continue to drive forward.

While the stock's dividend has been frozen for some time, the report made it clear that this dividend investing stock can easily handle dividend boosts going forward. The payout ratio is extremely low, and BMO has plenty of cushion financially.

As of this writing, BMO is trading at $126.05 and yielding 3.36%. Going forward, investors can expect BMO to boost that dividend to get it closer to, or even above, historical averages.

For investors looking to latch onto a top-tier TSX dividend investing stock, BMO is a solid choice. The stock is in a good spot right now and, going forward, it can deliver tremendous value for investors.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a holding company and a massive Canadian utility service provider. The stock has long been a favourite among investors taking a more defensive approach.

That's because the stock has a remarkable track record for stability and consistent performance. This stems mostly from the way the revenue stream is structured.

That is, this dividend investing gem provides its utility services largely through regulated contracts with rock-solid predictability and stability. As such, its revenue performance is rarely, if ever, a surprise for investors.

This all translates to an extremely stable dividend with decent growth behind it. As of this writing, Fortis is trading at $55.06 and yielding 3.66%.

While that's not the biggest dividend around, investors can be assured it's a safe one. Some investors with a more conservative risk tolerance will favour stocks like Fortis.

Fortis can give investors some of that juicy dividend income without exposing them too harshly to market forces. Fortis is an ideal pick for dividend investing with a defensive mindset.

Dividend investing plan

Both BMO and FTS offer investors reliable dividend income options. Investors know what they're getting with these stocks and can rely on them going forward for years to come.

If you're looking to add to your dividend investing strategy, be sure to give BMO and FTS another look.

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2. NYSE:FTS (Fortis Inc.)
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4. TSX:FTS (Fortis Inc.)

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