2 Top Canadian Dividend Stocks to Add for Stability This Fall

Description

Investing in dividend stocks, especially those of high-quality organizations can go a long way toward stabilizing an investor's portfolio. Investors can realize more stable returns over time, and rebalance their portfolio using the cash received from dividends. Additionally, in retirement, having an extra income stream is always helpful.

However, picking the best dividend stocks is the difficult part. There are many to choose from, and investors need to decide which criteria to use to assess these companies.

In this article, I'm going to highlight three of the top dividend stocks Canada has to offer. Let's dive in.

Top dividend stocks: Scotiabank

As one of the Big Six Canadian banks, the **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) is an excellent choice. Indeed, long-term investors have done very well clipping this company's coupon for decades. Scotiabank is one of the most impressive dividend stocks in Canada, as far as the company's track record goes.

This past quarter, Scotiabank highlighted the strength of its core business via its earnings. The company reported impressive top and bottom-line results. Notably, Scotiabank showed profit that nearly doubled year over year. The lender's cash flow growth remains strong, as does the bank's liquidity.

Indeed, Scotiabank reported a common equity tier one ratio of 12.3%. This implies a favourable liquidity position and the potential for dividend increases on the horizon.

For long-term dividend investors, Scotiabank is a great core holding. The company's current yield of 4.6% is extremely juicy, relative to where bond yields are today. I also think the potential for future dividend hikes means this stock could be headed a lot higher from here.

While the Trudeau government has proposed tax hikes on Canadian banks, it's unclear at this time who will win the election. Accordingly, I think Scotiabank is priced right for a rally through the end of the year.

Fortis

One of the Dividend Aristocrats I've had my eye on for some time is **Fortis** (TSX:FTS)(NYSE:FTS). Indeed, Fortis is one of only a few companies that's close to becoming a Dividend King having raised its dividend for 50 consecutive years. Currently, Fortis' streak stands at 47 years, an absolutely impressive streak that warrants a second look from investors.

A lot has happened over the past 50 years. And in good times and bad, Fortis has found a way to raise its dividend.

This utility player has been able to accomplish this feat mainly due to the company's business model. As a utility provider, Fortis earns extremely stable cash flows. Most of the company's contracts are regulated, providing for stable growth over time. Fortis has chosen to pass on its earnings growth to investors in the form of ever-increasing dividends over time.

I'm of the view that dividend growth is more important than current yield. Many companies can offer a sky-high yield for a short period of time. However, a number of exogenous factors can result in said company slashing or eliminating its dividend altogether, disturbing the initial investment thesis many investors had going in.

However, Fortis is about as stable a company as they come. This dividend growth champion continues to top my list of Canadian dividend stocks due to the company's growth profile. I don't see this growth slowing any time soon, and I think Fortis is an oldie but a goodie.

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Author
chrismacdonald