2 Massive Dividend Stocks to Buy Today

Description

The stock market has not had a good start to this year. At writing, the **S&P/TSX Composite Index** is down by almost 2% from its February 9th levels, and it continues to whip back and forth. However, the macroeconomic conditions have not had a negative impact on all TSX stocks. The impending interest rate hikes due to rising inflation rates have hit growth stocks harder than dividend stocks.

Dividend investing by allocating your capital to the right defensive stocks can provide you with reliable returns, despite the harsh economic environment. The TSX boasts several high-quality names that you could consider for your investment portfolio if you are searching for defensive growth right now.

Today, I will discuss two such stocks that could be ideal for this purpose.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a $27.35 billion market capitalization utility holdings company based in Canada. The company boasts several high-quality and diversified electric utility businesses in Canada, the U.S., Central America, and the Caribbean.

The company earns most of its revenues through rate-regulated and long-term contracted assets. It means that Fortis generates predictable cash flows, making it easier for its management to fund its capital investment programs and rising shareholder dividends. Fortis is a Canadian Dividend Aristocrat with a 48-year dividend-growth streak.

Fortis stock trades for $57.83 per share at writing, and it boasts a juicy 3.70% dividend yield that you can lock into your portfolio today.

Manulife Financial

Manulife Financial (TSX:MFC)(NYSE:MFC) is a $52.27 billion market capitalization insurance company and financial services provider headquartered in Toronto. Insurance businesses typically do well during high-interest-rate environments, and Manulife Financial stock has already been doing well before the impending rate hikes have even been announced.

The company's third-quarter earnings report for fiscal 2021 saw it post a 10% core earnings growth. Manulife Financial's Q3 report also showed that its core return on equity grew to 13.2% in the first three quarters in fiscal 2021. The company's earnings are already stable, and an interest rate hike could improve its profit margins.

Manulife stock has also delivered several years of dividend growth. The company has raised its shareholder dividends for the last eight years without fail, and it has a sustainable payout ratio. Manulife stock trades for $26.98 per share at writing, and it boasts a juicy 4.89% dividend yield. Investing in its shares at current levels could help you lock in the high dividend yield before its share prices likely climb after interest rate hikes take effect.

Foolish takeaway

Diversifying your portfolio into defensive stocks that can also offer growth can help you make the most of your investment returns during such environments.

The utility sector has a long-standing reputation for injecting stability in investment portfolios during volatile markets. Insurance businesses tend to perform well during high-interest-rate conditions. As such, Fortis stock and Manulife stock could be ideal additions to your portfolio, considering the circumstances right now.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:FTS (Fortis Inc.)
4. TSX:MFC (Manulife Financial Corporation)

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