



3 TSX Dividend Stocks Your Portfolio Should Hold

Description

[Investing in dividend stocks](#) can help you achieve financial independence. Of course, it will take a long time to accumulate enough shares to have your dividend income replace the income you receive from work. One thing that could help speed up the process is by investing in stocks with a higher dividend yield. Essentially, these stocks will give you a better bang for your buck. It's important that investors not focus solely on a dividend's yield. Instead, consider whether the company is a good dividend stock to hold in the first place.

In this article, I'll discuss three great **TSX** dividend stocks that your portfolio should hold.

The Canadian banks

The first place investors should start is by looking at the Canadian banks. This industry is highly regulated within the country, which makes it very difficult for smaller companies to overtake the industry leaders. As a result, the Big Five banks have established very solid moats and are some of the most recognizable companies in Canada. All five of these stocks offer attractive forward dividend yields. As of this writing, each stock offers a yield between 3.5% to 5.3%.

Of that group, I would recommend buying shares of **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)). It has managed to pay shareholders a dividend in each of the past 189 years. In addition, Bank of Nova Scotia's dividend has grown at a CAGR of 5.6% over the past five years. Currently, this stock offers a forward dividend yield of 4.69%.

Look at utility companies

Utility companies are also known for being attractive dividend stocks. This is because these companies tend to be recession-proof. This means that their businesses don't tend to be negatively affected by the economic cycle. As a result, dividends from these companies tend to be more secure. Utility companies also tend to offer very attractive dividend yields.

One utility company that's worth considering for your portfolio is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). It's notable for holding the second-longest active dividend-growth streak in Canada. It has managed to [increase its dividend](#) in each of the past 47 years. Over the past five years, Fortis has grown its dividend at a CAGR of nearly 6%. Currently, Fortis stock offers a forward dividend yield of 3.28%.

Canadian telecom companies are solid dividend stocks

Just like the banking industry, Canada's telecom industry is dominated by a small group of companies. Of the three large telecom companies, I would suggest investing in **Telus** ([TSX:T](#))([NYSE:TU](#)). It operates the largest telecom network in Canada, covering about 99% of the Canadian population. Although this company isn't what I'd consider recession-proof, there's no denying that Canadians rely on its services each and every day.

An outstanding dividend payer, Telus has increased its dividend distribution in each of the past 17 years. Over the past five years, this dividend has grown at a CAGR of 5.8%. Currently, the stock offers a forward dividend yield of 3.92%.

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1. Dividend Stocks
2. Investing

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4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:FTS (Fortis Inc.)
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