



2 TSX Dividend Stocks Your Portfolio Should Hold Long Term

Description

[Dividend investing](#) with the right income-generating assets is a gift that keeps on giving. Buying and holding dividend stocks for the long term can help you achieve substantial and sustainable wealth growth for greater financial freedom as you grow older.

Using the shareholder dividends to purchase more shares of a publicly traded company through a dividend-reinvestment plan can help you unlock the power of compounding to accelerate your wealth growth. You can gradually accumulate enough shares of dividend-paying stocks in your portfolio to generate substantial passive income that can potentially replace the income you receive from work.

When choosing dividend stocks, investing in high-yielding equity securities should not be the only consideration. It is necessary to choose income-generating assets capable of providing you with shareholder dividends for a long time to accomplish your wealth growth goals.

Today, I will discuss two great dividend stocks that your portfolio should hold long term to achieve financial independence.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is a \$102.57 billion market capitalization bank headquartered in Toronto. Operating as Scotiabank, it is Canada's third-largest financial institution in market capitalization and deposits. It is one of the top dividend-paying stocks on the TSX right now.

The bank has paid shareholder dividends for the last 189 years, making it a reliable investment to consider for dividend-seeking investors. Additionally, Scotiabank's shareholder dividend has grown at a CAGR of 5.6% for the last five years. Scotiabank stock trades for \$85.16 per share at writing, and it boasts a juicy 4.70% dividend yield that you could lock in today.

Fortis

Reliable dividend stocks don't get better than utility businesses, and **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is a prime example of such a dividend-paying company. Fortis is a \$30.10 billion market capitalization utility holdings business that owns and operates several utility businesses across Canada, the U.S., Central America, and the Caribbean.

It is a recession-proof business that is not impacted by the economic cycle due to the essential nature of its services.

The company generates most of its revenue from highly rate-regulated and long-term contracted assets. Its low-risk business structure allows Fortis to generate predictable cash flows and virtually guarantees shareholder dividends.

Fortis stock trades for \$63.50 per share at writing, and it boasts a 3.37% dividend yield. Fortis is also a Canadian Dividend Aristocrat with a 48-year dividend-growth streak. The [defensive stock](#) appears to be well positioned to continue delivering dividend hikes for years to come.

Foolish takeaway

When choosing long-term investments among Canadian dividend stocks, it is important to focus on securing decent dividend yields while considering long-term potential. Dividend stocks with extremely [high yields](#) might not be able to sustain payouts for a long time. It is possible for those companies to slash or suspend shareholder dividends.

Choosing publicly traded companies with the reputation of paying shareholder dividends each year without interruptions is a better approach to generating long-term returns. Scotiabank stock and Fortis stock could be ideal assets to begin building a portfolio of dividend stocks.

CATEGORY

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2. NYSE:FTS (Fortis Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:FTS (Fortis Inc.)

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Author

adamothonman

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