3 TSX Stocks With High Dividend Yields

Description

Investing in dividend stocks is a very popular strategy among Canadians. This is because doing so allows you to build a source of passive income. Over time, a dividend portfolio could nicely supplement or even replace your primary source of income. However, there are certain characteristics that dividend investors should pay attention to. For example, focusing on dividend yield will tell you how much "bang for your buck" a stock can give you.

However, there's so much more to dividend investing than looking at dividend yields. In this article, I'll discuss three **TSX** stocks with high dividend yields that investors should buy today. I also explain what, other than a high dividend yield, makes these companies very attractive for a dividend portfolio.

Start with this elite dividend stock

The first thing that dividend investors should look at, in my opinion, is whether a stock has been able to grow its distribution over the years. This is an important factor to consider because investors will lose buying power over time if the dividends they receive are stagnant. That's what makes **Fortis** (TSX:FTS)(NYSE:FTS) so attractive. For those that are unfamiliar, this company provides regulated gas and electric utilities to more than three million customers across Canada, the United States, and the Caribbean.

Fortis is well known among dividend investors for its status as a Canadian Dividend Aristocrat. Canadian Dividend Aristocrats are companies that have increased dividends for at least five consecutive years. Fortis far exceeds that minimum requirement. It has increased its dividend in each of the past 47 years. That gives it the second-longest active dividend-growth streak in Canada. Fortis's forward dividend yield is 3.51%.

Buy one of the banks

Investors should also consider how long a company's been paying a dividend. In some cases, companies will have to halt dividend growth for one reason or another. Although it's not ideal, halting dividend increases is understandable to see from time to time. For instance, due to the Great Recession, Canadian banks weren't able to continue increasing dividends. However, what's important is that those companies continued to pay investors a stable dividend.

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is another company that dividend investors should consider holding in their portfolio. This company is a Canadian Dividend Aristocrat, having increased its dividend over the past 11 years. Although Bank of Nova Scotia needed to halt dividend increases during the Great Recession, I still consider it a reliable dividend stock. This is because it has managed to pay shareholders a dividend in each of the past 189 years.

In cases where a company's dividend-growth streak is fewer than 15 years in length, I'm a little more forgiving if that same company has also paid a dividend for almost 200 years. Bank of Nova Scotia's forward dividend yield is 5.49%.

This stock is a behemoth

Finally, investors should consider whether a company leads the industry it operates in. This is important to consider because companies that are dominant players in their respective industries should have a better chance of surviving through economic downturns. Because of this, **Telus** is a company that dividend investors should consider for their portfolio. This company leads the Canadian telecom and healthcare industries.

Another Canadian Dividend Aristocrat, Telus has increased its distribution in each of the past 17 years. It currently offers investors a dividend yield of 4.69%.

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