



3 TSX Stocks to Buy With Dividends Yielding More Than 3%

Description

Many Canadians dream of having their investment portfolio carry them through a comfortable retirement. One way you can do that is by using your portfolio to build a reliable source of passive income. This will allow you to live off [dividends](#), receiving a distribution from your stocks on a recurring basis. It's very important that investors look for stocks with high dividend yields, as it gives you a bigger bang for your buck.

In this article, I'll discuss three **TSX** stocks with dividends yielding more than 3%.

Start with one of the best dividend stocks around

When it comes to Canadian dividend stocks, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) should always be one of the first companies that comes to mind. It provides regulated gas and electric utilities to more than three million customers across Canada, the United States, and the Caribbean. Because utility companies tend to receive payments on a monthly basis, Fortis can take advantage of a reliable and predictable source of revenue.

Listed as a Canadian Dividend Aristocrat, Fortis claims the second-longest active dividend-growth streak in Canada (47 years). That means that the company has managed to increase its dividend, despite having to endure the Great Recession and the COVID-19 pandemic. Investors should note that Fortis has a payout ratio of nearly 80%. While this would normally be concerning, it's not unusual to see such high payout ratios from utility companies. In addition, Fortis's long history of intelligent capital allocation should lessen worries from investors.

This outstanding dividend stock currently offers a forward dividend yield of 3.54%. This is one stock that Canadians should consider adding to their portfolio today.

Invest in this behemoth

Investors should also consider buying shares of **Telus** ([TSX:T](#))([NYSE:TU](#)). This company operates the

largest telecom network in Canada. Its coverage area accounts for 99% of the Canadian population. Despite having one of the most formidable telecom networks in the country, I don't think that part of its business is the most appealing. Fortis has also emerged as an impressive healthcare company. It offers several different services to healthcare professionals including a suite of EMR solutions. Telus has also entered the telehealth market through its [MyCare app](#).

Another Canadian Dividend Aristocrat, Telus has raised its distribution in each of the past 17 years. Like Fortis, Telus has a higher payout ratio than I typically like. The company aims to maintain a long-term dividend-payout ratio of 60-75% of free cash flow. Over the past 17 years, Telus has proven that the company is capable of exceptional capital allocation. So, today this high dividend-payout ratio isn't an issue. However, investors should keep it in mind. Telus offers a forward dividend yield of 4.59%.

Buy the banks

Finally, investors should consider buying the Big Five Canadian banks. These companies have been in operation for over a century, with some companies being formed prior to the Canadian confederation. Because of these long operational histories, the Big Five banks have managed to establish very formidable moats. Today, it has become nearly impossible for a smaller bank to displace any of these companies as an industry leader.

If I had to pick one bank to invest in, it'd be **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)). Listed as a Canadian Dividend Aristocrat, Bank of Nova Scotia has raised its dividend over the past 11 years. Even more impressively, the company has managed to pay shareholders a dividend in each of the past 189 years. With a forward dividend yield of 5.28%, this is certainly an impressive dividend stock for your portfolio.

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Author

jedlloren

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