



2 Canadian Stocks to Buy With Dividends Yielding More Than 3%

Description

[Investing in dividend stocks](#) can help you build a source of passive income. Over time, that source of passive income could grow large enough to significantly supplement or even replace your primary income. In that case, passive-income investors may be able to spend more time on things that they're passionate about instead of having to work every day. By focusing on stocks with higher dividend yields, investors could accelerate their way to financial independence.

In this article, I'll discuss two Canadian stocks that yield more than 3% in dividends.

The case for Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is the first stock that investors should consider holding in their portfolios. This company provides regulated gas and electric utilities to more than three million customers across Canada, the United States, and the Caribbean. Like other utility companies Fortis tends to receive payments on a monthly basis. This provides it with a very stable and predictable source of revenue. That allows Fortis to plan for dividend raises in the future.

Speaking of which, this is one of the best companies in Canada when it comes to [raising its dividend](#). Listed as a Canadian Dividend Aristocrat, Fortis has increased its dividend in each of the past 47 years. That means that the company has been able to continue its dividend raises through the Great Recession and the COVID-19 pandemic. Because those two events caused many outstanding companies to suspend dividend raises, it speaks volumes to Fortis's ability to allocate capital.

With a forward dividend yield of 3.55%, investors could receive \$35,500 in dividends annually with a \$1,000,000 investment. Because Fortis does such an excellent job of raising dividends in the future, investors that get in today could be looking at an even more impressive yield-on-cost in the future.

Why you should buy this bank

Investors should also consider buying shares in the Big Five Canadian banks. That group of

companies have been in operation for more than a century. Over time, they've established very formidable moats. I have a hard time seeing any other Canadian bank surpassing the Big Five within this decade. Of that group, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) stands out as the best investment opportunity in my opinion.

What attracts me to Bank of Nova Scotia is its focus on international growth. With over 2,000 branches across 30 different countries, this is Canada's most international bank. Importantly, Bank of Nova Scotia has positioned itself in key regions. For example, it's established itself as a key player within the Pacific Alliance. That's a region which includes Chile, Columbia, Mexico, and Peru. Economists are forecasting that the economies within Pacific Alliance could grow faster than the Canadian and American economies over the coming years.

In terms of its dividend, Bank of Nova Scotia is also very impressive. It has been paying shareholders a dividend since July 1, 1833. Since then, the company has never missed a dividend payment. That represents 189 years of continued dividend distributions. Bank of Nova Scotia stock also offers a very attractive forward dividend yield of 5.13%.

CATEGORY

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Date

2025/08/28

Date Created

2022/08/17

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