3 High-Yield Dividend Stocks You Could Hold for Years

Description

Lower-than-expected inflation numbers in the U.S. sent the stock market soaring last week. While I'll gladly take the short-term gains, I'm not yet ready to call this the market's bottom. We witnessed a similar jump earlier this year, and that was clearly short-lived. It looks as if we're trending in the right direction, but I'm still bracing my portfolio for more volatility in the short term.

Investing in dividend stocks

One way I'm preparing for more volatility in the short term is through investing in dividend stocks. Passive income is one way to help balance out the short-term losses that many Canadian investors have been hit with this year.

Fortunately, it's not difficult to find high-yielding dividend stocks on the TSX right now. With many companies trading below 52-week highs today, there's a surplus of discounted dividend stocks to choose from.

I've reviewed three dividend-paying companies that are at the top of my own watch list today. All three companies are very different from one another, and I've reviewed why each may be of interest to passive-income investors.

Bank of Nova Scotia

At a 6% dividend yield, **Bank of Nova Scotia** (TSX:BNS) is currently the highest yielding of the Canadian banks. In addition to that, the bank has been paying a dividend to its shareholders for close to 200 consecutive years.

The Canadian banks are an excellent place to begin building a passive-income portfolio. There haven't been many more dependable areas of the stock market than the banking sector in recent decades.

Like many other Canadian stocks, the banks haven't fared well in 2022. Shares of Bank of Nova Scotia are down more than 20% year to date.

Patient investors with long-term time horizons should seriously consider taking advantage of this buying opportunity.

Telus

Speaking of unexciting industries, **Telus** (TSX:T) is another slow-growing dividend stock on my watch list.

The $40 billion telecommunication company is yielding close to 5% at today's stock price.

While the telecommunication industry may be a slow-growing one, similar to banking, it is dependable. And with the rise of 5G technology, earning market-beating gains in the coming decade may not be out of the question for Telus.

When factoring in dividends, shares of Telus are positive on the year. However, the dividend stock is trading 15% below 52-week highs set earlier this year.

Now could be an opportunistic time to start a position in this Canadian telecommunication leader.

Northland Power

The last dividend stock on my list is the lowest yielding of the three companies. There's another reason passive-income investors may want to have this company on their watch list, though.

At today's stock price, **Northland Power's** (TSX:NPI) annual dividend of $1.20 yields just about 3%. A yield like that doesn't put Northland Power anywhere near the highest-yielding dividend stocks on the TSX.

Where Northland Power differs from other dividend stocks is its growth potential. As a Canadian leader in the growing renewable energy space, Northland Power is no stranger to outperforming the market.

Excluding dividends, shares of the energy stock are up more than 60% over the past five years. That's good enough for more than doubling the returns of the **S&P/TSX Composite Index**.

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1. Dividend Stocks
2. Investing

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2. TSX:NPI (Northland Power Inc.)
3. TSX:TD (The Toronto-Dominion Bank)

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