2 High-Yield Dividend Stocks You Could Hold for Years

Description

Canadian dividend stocks could help you make a fortune if you stick to the Foolish investing philosophy by taking the long-term approach. In addition, dividend investing could also help you reduce your risk profile by consistently generating passive income, even in difficult economic environments. In this article, I'll highlight two of the best dividend stocks you can buy in Canada right now to hold for years.

Bank of Nova Scotia stock

When you're investing for the long term, you may want to include some large-cap dividend stocks in your portfolio to be on the safer side. Most large-cap stocks usually have a strong business model, which helps them survive through tough economic times. With that in mind, you can consider **Bank of Nova Scotia** (TSX:BNS), as its robust balance sheet and resilient cash flows makes it a reliable stock to own for years. The Toronto-headquartered bank has a market cap of $85.1 billion. Its stock currently trades at $71.46 per share with about 20% year-to-date losses against the **TSX Composite Index**'s 4.7% losses in 2022. At this market price, Scotiabank offers an attractive 5.8% annual dividend yield.

Scotiabank's global wealth management and capital markets segments have faced the heat of macroeconomic uncertainties-driven market turmoil in the last few quarters. Nonetheless, continued growth in its Canadian and international banking segments is helping the bank maintain strong financial growth trends intact. In its fiscal year 2022 (ended in October), its adjusted earnings rose by 8% YoY (year over year) to $8.50 per share — also exceeding Street's estimates.

Moreover, in the five-year period between fiscal 2017 and 2022, Scotiabank's earnings climbed by 30%, and its dividend per share increased by 33%. While ongoing economic challenges have led to a correction in BNS stock in 2022, I find it worth buying for the long term at the current market price considering its strong future growth prospects.

BCE stock

BCE (TSX:BCE) could be another great large-cap Canadian stock to consider right now. This Verdunbased communications giant has a market cap of $59 billion. Its stock currently trades at $64.08 per share with about 10.6% quarter-to-date gains after losing 16.4% of its value in the previous two quarters. At the current price, BCE stock offers an attractive 5.7% annual dividend yield.

While the COVID-19-related challenges drove its adjusted earnings down by nearly 14% YoY in 2020, BCE has been on the path of gradual financial recovery in the last couple of years. In 2022, Bay Street analysts estimate its earnings to be around $3.40 per share, reflecting 6.4% YoY positive growth, despite macroeconomic challenges, including inflationary pressures.

In the long run, BCE could turn out to be a great dividend stock to hold, as its consistently expanding 5G network across Canada is likely to give a boost to its financial growth trends and drive its stock higher. Improved financial growth should also help the company maintain strong dividend growth and strengthen its capital structure further. Given that, you may consider buying BCE on the dip, as it’s still trading within the negative territory on a year-to-date basis.

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