2 High-Yield Dividend Stocks You Could Hold for Years

Description

In a year full of uncertainty, there was a reason for optimism heading into the last month of the year. The **S&P/TSX Composite Index** managed to gain close to 10% during October and November. But despite the strong two-month rally, December has been a major letdown for the bulls.

While I'll admit I was hopeful for a positive return in December, which technically still is possible, my focus remains on the long term. Regardless of how volatile the stock market has been in 2022, I continue to be committed to adding quality businesses to my portfolio and holding those positions for years to come.

Building a dependable stream of passive income

An element of my investing strategy that has changed in 2022 is the increased allocation toward dividend stocks. As a long-term investor that's been predominantly focused on growth, dividend stocks were often neglected in my portfolio. But after experiencing extreme levels of volatility over the past 12 months, owning a few dependable Dividend Aristocrats has gone a long way for my portfolio's health as well as my own peace of mind.

The passive income generated through my dividend holdings has been able to partially offset some of the losses that many of my growth positions have been hit with this year. In addition, Dividend Aristocrats tend to be slower-growing, blue-chip companies that have the potential to provide a portfolio with dependability.

I may be a long-term bull, but I'm also a realist. And with interest rates and inflation not showing many signs of slowing down, I'm not expecting volatility to slow down either. As a result, I'm looking to add a few more dividend stocks to my portfolio in the coming months.

Here are two dividend-paying companies at the top of my watch list right now.

Dividend stock #1: Bank of Montreal

At a 4.5% dividend yield, there are higher-yielding dividend stocks on the TSX than **Bank of Montreal** (TSX:BMO). However, not many of those can match the $85 billion bank's dividend-payout streak. BMO has been paying a dividend to its shareholders for close to 200 consecutive years.

Passive-income investors cannot go wrong with owning any of the Big Five. BMO may not be the highest-yielding among them, but it can provide as dependable a passive-income stream as you'll find on the TSX.

Dividend stock #2: Fortis

If you're in search of dependability, a utility stock should be top of mind. Reliable revenue streams are one reason why volatility often tends to remain relatively low for utility companies.

At a $25 billion market cap, **Fortis** (TSX:FTS) is a Canadian-leading electric and gas utility provider. The company also boasts a growing presence in the U.S.

While growth certainly isn't the main reason to own this dividend stock, Fortis is no stranger to delivering market-beating gains. Including the company's current 4% dividend yield, shares have outperformed the Canadian market's returns this year. The dividend stock has also outperformed the Canadian market over the past five- and 10-year periods when factoring in dividends.

Growth investors could always use a little extra defensiveness in their portfolios, which is especially true in today's climate. And as a leading utility provider, Fortis is a perfect choice for investors looking to limit volatility and generate a passive-income stream.

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ndobroruka