



3 Dividend-Paying Safety Net Stocks

Description

Utilities, oil, and gas are your dividend-paying safety net against economic downturns, which can play havoc with less essential industries. Consider these three stocks for your income portfolio.

1. Canadian Utilities

Canadian Utilities' ([TSX: CU](#)) dividend yield is 2.7% and its five-year average dividend yield is 2.8%. The company's annual dividend per share has increased for 42 consecutive years. In April, Canadian Utilities declared a Q2 dividend for 2014 of \$0.2675 per Class A non-voting and Class B common share, or \$1.07 annualized.

The company's utilities business group is composed of ATCO Pipelines, ATCO Gas, ATCO Gas Australia, ATCO Electric, and its subsidiaries, Northland Utilities and the Yukon Electrical Company. Its other business groups are energy, structures and logistics, and technologies. Canadian Utilities has \$16 billion in total assets and a market capitalization of \$10 billion. It had diversified earnings encompassing utilities, worth 59%; energy, worth 26%; Australia, worth 8%; and corporate, worth 7%, in 2013.

2. Fortis

Fortis' ([TSX: FTS](#)) dividend yield is 4% and its five-year average dividend yield is 3.8%. Its dividend rate is \$1.28. In May, Fortis announced a common share dividend of \$0.32 per share.

Fortis is the largest investor-owned distribution utility in Canada. The company's regulated utilities account for approximately 90% of total assets. Its strategy is to invest in high-quality regulated utility assets in Canada and the U.S. In March of this year, UNS Energy common shareholders approved the acquisition of UNS Energy by Fortis. In April, the U.S. Federal Energy Regulatory Commission also approved the transaction. UNS Energy is a vertically integrated utility services holding company engaged in the regulated electric generation and energy delivery business.

3. Imperial Oil

Imperial Oil ([TSX: IMO](#))([NYSEMKT: IMO](#)) has a current dividend yield of 0.94%. The company's five-year average dividend yield is 1.1% and its annualized dividend rate is \$0.52. Imperial Oil recently announced a quarterly dividend of \$0.13 per share. Its annual per-share dividend paid has risen 19 years in a row.

In 2013, Imperial Oil had \$2.8 billion in earnings and its return on capital employed was an industry-leading 12.9%. The company's annual shareholders' return was 11.3%. In 2013, Imperial Oil attained first production from the \$12.9 billion Kearl initial development in Fort McMurray, Alberta. This is Imperial Oil's largest capital investment in its history. Kearl will eventually produce over 300,000 barrels a day of bitumen before royalties. Furthermore, Imperial Oil has its extensive retail gasoline network in top market areas across Canada, catering to the driving needs of Canadians daily.

Economic conditions dictate the returns of many stocks. However, no matter the economic climate, these three dividend-paying safety net stocks will ride out economic peaks and valleys and provide steady returns for your portfolio.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSEMKT:IMO (Imperial Oil Limited)
2. TSX:CU (Canadian Utilities Limited)
3. TSX:FTS (Fortis Inc.)
4. TSX:IMO (Imperial Oil Limited)

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