3 Safety-First Dividend Stocks You Can Count On

Description

Canadian investors must be getting frustrated with the **S&P/TSX 60** index right now.

The TSX 60 is concentrated in three sectors – financials, energy, and materials – all of which are extremely cyclical. Both the energy and materials sectors are struggling mightily, and there are plenty of worries about the Canadian banks too. Meanwhile the **S&P 500** offers not only more companies, but also a greater variety, with a much better balance between sectors.

So if you're a Canadian looking for safe dividend stocks, do you have to invest in the United States? Well, not necessarily. There are safe stocks in Canada, assuming you're willing to look hard enough. Below are three examples.

1. Telus

If you're looking for solid, reliable companies in Canada, the big three telecommunications providers are a great place to start. After all, they make very stable subscription-based revenue, and don't have to deal with too much competition. The Canadian government is of course trying to rectify that, but with little success thus far.

And among the big three, **Telus Corporation** (TSX:T)(NYSE:TU) is easily the best-in-class player. It has done the best job keeping its customers, with less than 1% of post-paid subscribers leaving in an average month. It's also done a better job attracting new customers – for example, last quarter Telus added more post-paid wireless subscribers than **BCE Inc.** and **Rogers Communications Inc.** combined.

Telus also has growing businesses for television and high-speed internet. As a result, its revenue growth far surpasses that of BCE and Rogers.

The company also has a very nice dividend, one that has quadrupled in the last decade. And this dividend yields a very healthy 3.8%. So if you're looking for a solid company and growing income, then the future is friendly with Telus.

2. Fortis

If you're looking for reliable dividends, then it doesn't get much better than **Fortis Inc.** (TSX:FTS). Canada's largest investor-owned distribution utility has raised its dividend every year for more than four decades.

How has the company maintained such consistency? Well, it sells a product that we all need, even during economic downturns. Secondly, most of its revenues are regulated, meaning it is not subject to wildly fluctuating prices.

Fortis's shares have surged by roughly 30% in the past year as its recent acquisitions have started to bear fruit. But the shares still yield over 3%, not bad for such a reliable company.

3. Canadian Tire

Canadian Tire Corporation Ltd (TSX:CTC.A) may not have such a big dividend (yielding less than 2%), but still has many characteristics that safety-first investors look for.

More specifically, revenue tends to be fairly smooth, even when the economy is doing poorly. Better yet, it has a significant advantage over competitors like **Rona** and **Lowes** due to its excellent real estate position. Finally, the company has minimal exposure to the oil sector, and should benefit from more cars on the road (a byproduct of lower gas prices). This is a company you can feel comfortable owning for more than 10 years.

CATEGORY

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TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:FTS (Fortis Inc.)
4. TSX:T (TELUS)

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