Income Investors: 2 Safe-Haven Dividend Picks for a Volatile Market

Description

Stock markets are trading near all-time highs, and that means we are likely due for a healthy pullback.

One way to prepare for a downturn is to buy stocks that have low betas, which means they tend to make smaller moves than the broader market when things get a bit crazy.

Let's take a look at **Fortis Inc.** (TSX:FTS)(NYSE:FTS) and **BCE Inc.** (TSX:BCE)(NYSE:BCE) to see why they might be interesting picks.

Fortis

Fortis owns natural gas distribution, electric transmission, and power generation assets in Canada, the United States, and the Caribbean.

Most of the investment in recent years has been in the United States, including the US$4.5 billion purchase of Arizona-based UNS Energy in 2014, and last year's US$11.3 billion deal to acquire Michigan-based ITC Holdings.

In Canada, Fortis just announced the purchase of two-thirds of the Waneta Dam in British Columbia for $1.2 billion.

Fortis is attractive to dividend investors because it gets more than 90% of its revenue from regulated assets. This means cash flow should be reliable and predictable.

Global markets can be upset by a variety of issues, but people still have to turn on the lights, heat their homes, and cook their meals.

Management plans to raise the dividend by at least 6% per year through 2021. The current payout provides a yield of 3.7%.

BCE

BCE is a dominant player in the Canadian communications market.

The company recently closed its purchase of Manitoba Telecom Services in a deal that launches BCE to top spot in the Manitoba market and provides a nice base to ramp up competition with **Telus** and **Shaw** in the western provinces.

When you combine the world-class wireless and wireline networks with BCE's media group, you get a powerful business that has the ability to interact with most Canadians on a weekly, if not daily, basis.

People can cut back on expensive coffees or nights out at a restaurant when times get tough, but most Canadians are unlikely to give up their mobile phone, internet connection, or TV subscriptions.

As a result, BCE's business should be able to withstand a downturn better than some other industries.

The dividend should be very safe and currently yields 4.8%.

Is one more attractive?

Both BCE and Fortis will drift down with a broader market sell-off, but they tend to hold up better than many other stocks.

If you want the higher yield, go with BCE. Investors who prefer to get U.S. exposure might want to make Fortis the first choice.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/08/24
Date Created
2017/05/19
Author

aswalker