3 Cheap But Low-Risk Dividend Stocks to Buy in September

Description

What stocks should you buy if your risk appetite is low and you don't want to lose sleep? For you, the best avenue to invest, in my view, is dividend stocks.

The companies that return cash to investors on a regular basis are the ones that have stable businesses and steady cash flows. The majority of these dividend stocks belong to boring businesses that nobody wants to brag about at a party.

I'm talking about insurance companies, telecom operators, and utilities that provide gas and electricity to our home and offices. In this segment of the economy, there are a plenty of opportunities for the low-risk takers. Here are three dividend stocks from my list of favourites.

BCE Inc.

BCE (TSX:BCE)(NYSE:BCE) is a solid dividend stock to earn steady income. Canada's largest telecom operator generates billions of dollars in recurring revenue from consumers who don't have much choice in this country where regulator doesn't allow too much competition.

Last year, BCE distributed 84% of its free cash flows to investors in the form of dividends. During the past 10 years, BCE's dividend payout has doubled to $3.02 a share, as the company adds more wireless customers and builds a telecom infrastructure that's crucial for the Canadian economy.

After a decline of about 10% in its share price during the past one year, BCE stock now yields 5.7%. After this pullback, its yield looks very attractive if you consider the low-risk nature of this investment.

Fortis Inc.

St. John's-based **Fortis** (TSX:FTS)(NYSE:FTS) is another low-risk dividend stock that looks attractive after a year-long slump that pushed its yield to 4%. The utility has a $14.5 billion capital-spending plan for the next five years to generate growth for its shareholders.

That plan is comprised mostly of a diversified mix of low-risk projects and is fully funded through debt raised at the utilities, cash from operations, and common equity from the company's dividend-reinvestment plan.

Fortis provides electricity and gas to 3.2 million customers in the U.S., Canada, and Caribbean countries. The U.S. accounts for more than 60% of its assets, while Canada has more than 25%, and the rest are in the Caribbean.

Fortis is one of the leaders when it comes to rewarding its investors. This year marks the 44th consecutive year of increased dividend payments. Paying a $0.425-per-share quarterly payout, Fortis plans to deliver 6% average growth in its annual dividend each year through 2022.

Sun Life Financial

Investing in a top insurance stock isn't a bad idea if you're looking to preserve your capital and are okay with small returns. In this space, **Sun Life Financial** (TSX:SLF)(NYSE:SLF) is a good pick from Canada with a strong presence in Asia.

Sun Life is also benefiting from its presence in the U.S., where the robust job market is helping the company win more employee benefits business. The company recently raised the quarterly dividend to $0.455 per share with an annual dividend yield of 3.69%.

The bottom line

If you're in the market to preserve your capital and earn a stable income stream, buying cash cow dividend stocks is a good idea. In this low-risk approach, you should pick stocks that are the leaders in their industries with large barriers to entry.

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hanwar