3 Defensive Stocks for Safe Dividends

Description

The Canadian market, using **iShares S&P/TSX 60 Index Fund** as a proxy, only offers a yield of about 2.3%. Here we have three defensive stocks that offer bigger but safe dividend yields.

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Sienna Senior Living (TSX:SIA) is one of the largest owners of senior housing in Canada, and the largest licensed long-term care provider in Ontario. Specifically, it owns 70 high-quality residences with about 10,100 beds and 15 managed residences with about 1,700 beds.

Over the years, Sienna has steadily transformed its portfolio to increase the private-pay mix of its net operating income. Since 2010, Sienna has reduced its government-funded net operating income mix from 94% to roughly 56% in Q2.

By 2020, management is aiming for a 50/50 net operating income mix between private pay and government funded. The private-pay portion is subject to market-driven rates and has a higher margin, which allows Sienna to be more profitable.

Sienna should continue to experience stable demand from a growing aging population. Meanwhile, investors can get a safe monthly dividend. At about $17.40 per share as of writing, Sienna offers a yield of roughly 5.3%. It last increased its dividend by 2% in August.

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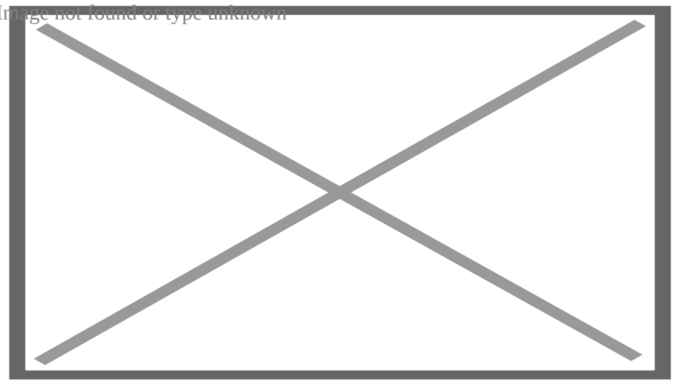

BCE (TSX:BCE)(NYSE:BCE) is the largest communications company in Canada. It has wireline, wireless, and media business segments, which contribute about 54%, 35%, and 11%, respectively, of its revenue.

BCE’s growth is largely attributable to the growth from its wireless and high-speed internet businesses. In the first half of the year, BCE increased its revenue by 3.2% compared to the same period in 2017.

However, this hasn’t translated to its bottom line growth. As a result, this has led to a 14% decline in its stock price year to date.

That said, BCE’s dividend is still safe. It last increased its dividend by 5.2% in February. At about $52 per share as of writing, BCE offers a yield of roughly 5.8%.

Fortis’ (TSX:FTS)(NYSE:FTS) regulated nature makes it a top choice for conservative income investors. Higher interest rates have chased money out of utility names such as Fortis. This gives investors the opportunity to buy the stock now at attractive valuations that we haven’t seen since late 2009.

With its five-year capital plan of about $15 billion, Fortis believes an average dividend growth rate of 6% is possible through 2022. This will add to the +40-year dividend growth streak that Fortis already has. At about $42 per share as of writing, Fortis offers a yield of about 4%.

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Investor takeaway

Sienna, BCE, and Fortis offer safe dividend yields of 4-6%.

Which of the three is the best bang for your buck? The analyst consensus from **Thomson Reuters** thinks Fortis is the best value with the most upside potential of about 15% over the next 12 months.

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2. Investing

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