TFSA Investors: 2 Safe Dividend Stocks Yielding Up to 4.8%

Description

There's been a lot of red on the markets lately and few stocks have emerged unscathed as a result of the bearish activity we've witnessed. Many investors would probably prefer to avoid the roller coaster and opt for safe stocks to invest in that they don't have to worry about.

For that reason, below I've identified two stocks that have seen minimal losses over the past few months, pay a good dividend, and can provide a lot of stability to a portfolio.

Hydro One Ltd (TSX:H) has seen a lot of drama this year as a result of changes to the political party in Ontario, but you wouldn't know it from the stability that it has shown lately. In the past month, Hydro One's stock has declined just 2%, and over the past three months, it has even generated a modest return for investors.

In comparison, the TSX has lost 10% of its value since August, especially as speculative buys like pot stocks have been weighing down the index. It underscores the importance of investing primarily out of value and not for speculative purposes.

In the case of Hydro One, it offers a lot of value for its investors, as it currently trades at around 1.2 times book value and a price-to-earnings multiple of just 14. From a value perspective, the utility company offers investors a cheap buy given the growth that the stock could achieve, particularly in the U.S.

Not only that, but Hydro One also offers a very good, growing dividend. Currently, the stock pays an annual yield of 4.8%, which is a terrific payout for this type of a stock.

Typically you'll find lower-risk stocks offering lower yields, as they have less of a need to entice investors, so with a yield of nearly 5%, investors are getting a good deal here.

Fortis Inc (TSX:FTS)(NYSE:FTS) is another utility stock and another good value buy as well. It's a little pricier than Hydro One, trading at 1.3 times book value and around 19 times its earnings.

However, with Fortis you're also getting a bit of a safer buy, as the company does not have a provincial government being a significant shareholder like it is with Hydro One, where the company can be used for political gain.

Fortis has also been trading on the TSX for far longer and investors will likely view it as having a stronger reputation as well. The company already has operations across North America, and in four years its sales have more than doubled.

In the past month, Fortis stock has actually increased more than 2%, although over three months it has risen a little less than that overall. Either way, that's a much better path than a lot of stocks have been on lately.

The company also recently hiked its payouts and is now paying investors 4.2% per year. Although you'll get a lower yield with Fortis, you'll get a bit more growth and stability in return.

However, both stocks are good buys for squeamish investors that would rather not ride the roller coaster.

CATEGORY

1. Energy Stocks
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2. TSX:FTS (Fortis Inc.)
3. TSX:H (Hydro One Limited)

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Author
djagielski