Retirees: Sleep Soundly With These 3 Ultra-Safe Stocks

Description

It’s official. 2018 will go down as a year many investors would like to forget.

Markets across the world ended the year in the red, something an investor can view in a negative or positive way. The good news is depressed markets create a good long-term buying opportunity. Retirees don’t really care about that bad news; they care more about what their portfolios are doing today.

The latest carnage should serve to remind older investors that protecting capital is paramount. Sure, it’s nice to have a little growth in your portfolio, but at what cost? A millennial can easily bounce back from a 20% loss. A retiree? Not so much.

The time to protect your portfolio is now, before the market dips even further. Here are three ultra-safe stocks that should do the trick.

Fortis

Fortis Inc. (TSX:FTS)(NYSE:FTS) is Canada’s largest utility stock, a sector that’s as boring as it gets. This bodes well for short-term capital protection.

At the same time, investors aren’t sacrificing long-term growth. Fortis has spent the last decade making shrewd acquisitions to expand its empire deep into the United States. Although it’s Canada’s largest utility and it has operations in the Caribbean, Fortis still gets 60% of its income from the United States.

These days Fortis is more interested in organic growth opportunities. It plans to spend $17 billion over the next five years expanding to its current network, with the majority of that spending on small, safe projects. These will add nicely to the bottom line, which in turn should support annual dividend increases in the 6% range.

Remember, Fortis has a demonstrated history of raising its dividend through thick and thin. It has increased the payout annually since 1973, which officially makes it the king of dividend growth stocks in Canada. Combine that with the current 3.8% yield and investors have an attractive income stream they can count on.

BCE

I don't care how bad the underlying economy gets — people will still pay their phone bills. Most people just can't live without their smartphones in 2019.

That alone bodes well for **BCE Inc.** (TSX:BCE)(NYSE:BCE), especially during turbulent times. BCE shares eked out a small 1% gain over the last three months versus an 11.4% decline for the **TSX Composite** as a whole. That's exactly what a retiree interested in protecting capital should be looking for.

BCE's days of being a growth stock are behind it, but the company should still be able to increase the bottom line enough to continue delivering dividend increases. It has the power to gradually raise prices to wireless, television, and internet subscribers over time. Additionally, the company is an active acquirer of various ancillary businesses.

Investors are also getting one of Canada's best current yields. BCE shares currently yield 5.6%, or approximately double what a typical five-year GIC offers.

Smart REIT

I like to say there's a reason why **Smart Real Estate Investment Trust** (TSX:SRU.UN) took that name. The folks in charge are sharp and they know it.

It all starts with the company's **Walmart** exposure. Not only is the world's largest retailer protected against upstart e-commerce competitors, but Walmart-anchored locations generate foot traffic that appeals to other retailers. Approximately 65% of Smart's properties are anchored by a Walmart store.

Like many of its peers, Smart also has a robust pipeline of redevelopment opportunities. It has identified some 20 million square feet worth of space that can be put to a higher use. The company is also diversifying from retail space; it owns an office tower, storage facilities, and has plans to expand into the condo and retirement living markets.

If anyone can pull it off, it's Smart. Management have proven they're good operators.

Smart has held up quite well as the rest of the TSX has plummeted. This stability combined with Smart's 5.7% dividend make it a great choice to hold during times of uncertainty.

The bottom line

Retirees, the time to protect your portfolio is today. Secure your capital and lock in great dividend yields today with Fortis, BCE, and Smart REIT. Even if the market reverses and starts marching higher, these are still great companies to hold over the long term.

CATEGORY

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2. NYSE:FTS (Fortis Inc.)
3. NYSE:WMT (Wal-Mart Stores Inc.)
4. TSX:BCE (BCE Inc.)
5. TSX:FTS (Fortis Inc.)
6. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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Date
2025/08/24
Date Created
2019/01/03
Author
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