3 Safe Dividend Stocks for Risk-Averse Investors

Description

Investing can be risky, even if you're only looking at dividend stocks. Paying a dividend can even hurt a stock's overall performance if investors think the company shouldn't be paying one because its business is struggling. However, the three stocks listed below don't have that problem and are good options for investors looking for stability and a good payout.

Loblaw Companies Ltd (TSX:L) is one of the country's biggest and most popular supermarket chains. Even with the threat of **Walmart** and **Amazon** offering customers a multitude of choices, the company has continued to post strong numbers, as sales have been north of $45 billion in each of the past four years. The chain has managed to stay competitive while also generating solid profits along the way.

The brand is as strong as ever. Over the past year, its share price has climbed by 24%. In addition, it pays a modest dividend of 1.8%. However, you could be earning a lot more down the road, as the company has regularly increased its payouts over the years. Since 2014, dividend payments have grown from 24.5 cents up to 31.5 cents every quarter for an increase of 28.6%, or a compounded annual growth rate (CAGR) of 5.2%.

It may not be the highest payout you can find, but it's a good option for those investors looking for stability.

Bank of Montreal (TSX:BMO)(NYSE:BMO), like many bank stocks over the past year, has struggled amid concerns of slowing mortgage growth and home sales. Down around 3% during that time, it could be an attractive time to buy given that its long-term prospects aren't any worse and the stock also pays a growing dividend.

A bank stock is a perfect option if you're looking for a stable but unexciting stock that you can rely on to produce good returns for your portfolio. Currently, BMO pays its shareholders a dividend of around 4.1%. The Big Five bank has increased its payouts by 32% over the past five years, averaging a higher CAGR of 5.7% during that time.

With good diversification in the U.S., BMO is a good, balanced investment that isn't too dependent on just one economy. While bank stocks might see some short-term fluctuations over economic concerns, there's little doubt that over the long term they can produce a lot of value for your portfolio.

Empire Company Limited (TSX:EMP.A) is another popular grocery store chain, although not nearly as big as Loblaws. However, it too can be a great source of consistency, as the company operates under many banners with over 1,500 locations across the country.

Another similarity it shares with Loblaws is that while it hasn't generated any notable growth in its top line, its sales have been consistent with revenues, being no less than $23 billion over the past four years. Empire's brands focus on offering quality food to customers rather than just offering the cheapest option, which has helped differentiate the company and carve out a strong base of repeat customers.

Empire currently pays shareholders 1.4% per year in dividends. Similar to the other stocks on this list, the company has increased its payouts over the years as well, rising by a couple of cents and averaging a CAGR of 4.1% since 2014.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)
3. TSX:EMP.A (Empire Company Limited)
4. TSX:L (Loblaw Companies Limited)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date
2025/08/23
Date Created
2019/06/26
Author
djagielski