Income Investors: Buy These 2 Stocks for Low-Volatility Dividends

Description

Volatility is hitting investors with a vengeance. One day, stocks are down a percentage point or two, and the next day they are up. When looking for investments that can help you ride out an equity storm, it makes sense to look for stocks that are stable, deliver vital products, and have reliable dividends that tend to grow over time. In Canada, you don't have to look much farther than your local grocery stores.

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Canada has a number of excellent chains that provide stable dividends and share prices that tend to grow over time. If you are going to focus on the best, the safest bets in the Canadian consumer staple grocery market are **Empire Company** (TSX:EMP.A) and **Loblaw Companies** (TSX:L). By the end of this article, you will see that these two dividend-growth champions will help you skate through any downturn.

They are diversified across Canada

Both companies have footprints that span the breadth of the Canadian landscape. Empire started on the east coast in Nova Scotia, the province it still calls home. The company has since expanded across Canada, with its Safeway acquisition helping it to gain access to the western Canadian provinces. Its Sobeys, IGA, and Foodland locations are just some of the stores that serve large cities and small towns alike.

Loblaw is similarly diversified across the nation. The company's President's Choice brand is well known by many Canadians with its products being sold in its Loblaws and Superstore locations. Loblaw also owns the well-known Shoppers Drug Mart chain, which has numerous locations located across Canada.

They are growing

While they might not be producing operational growth on the level of hot tech stocks, their results are steady and reliable. In the third quarter of 2019, Empire produced earnings-per-share growth of 12.5% and sales growth of 3.6% year over year. Loblaw saw an increase of 3.1% in its revenue, and its operating income increased by 19.9% over a year earlier.

They have steady dividend payouts

Their payouts are not huge, but they are safe and steadily growing. In Q1 2019, Loblaw reported that it would be increasing its quarterly dividend payment by 6.8%. At the current share price as of this writing, the dividend yield was 1.81%.

Empire had a slightly lower dividend yield of 1.34%, primarily due to the rapid capital appreciation the stock has experienced, as the issues attributed to the rocky Safeway acquisition have been largely put behind it. Its yield has also been growing for years, with the most recent increase of 9% to the quarterly dividend in July.

These stocks will help you to sleep well at night

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These stocks do not replace bonds or GICs for safety and security of principle, but both of these stocks will help you ride out a downturn or even a recession. People still have to buy groceries, no matter the political situation, so Empire and Loblaw are well positioned to feed Canadians. If I were desiring a low-volatility portfolio, there would be no better stocks than these companies for steady capital and dividend growth.

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1. Dividend Stocks
2. Investing
3. Stocks for Beginners

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