



3 Stellar Dividend Stocks for Low-Risk Investors

Description

If you'd been keeping an eye on the stock market the past month, you'll know that stock markets have experienced one of the worst periods in the past year. Bad periods are not an uncommon occurrence in any financial market because volatility is a constant factor.

Volatility is a double-edged sword that can produce either high returns or significant losses. If you're the kind of investor that prefers to keep risks low, you can avoid extreme volatility by choosing stocks with low risk.

Even through turbulence, some companies seem always to weather the storm and end up on top. These are the best types of companies to invest in without putting your portfolio at risk.

Alternatively, these can be used to compliment riskier companies for hedging. Whatever your reason, we think these three companies are worth your consideration.

Energy giant

Investing in the energy sector has always been a safe bet. Companies in the oil and gas sector, in particular, had an average growth rate of 39% in 2018. While this is an impressive figure, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) had an even better growth rate of 86%.

In the second quarter of the fiscal year 2019, Enbridge enjoyed a higher revenue of \$13.26 billion, resulting in a profit of \$1.74 billion.

Clearly, Enbridge is a great performer, but is it a safe, low-risk investment? Well, how about looking at its past performance. In the past five years, the company has enjoyed a 20% average year on year earnings growth.

Furthermore, it has become one of the most popular [dividend stocks](#) with a current dividend yield of 6.7%. These figures all paint the picture of a stable company with predictable returns, and the price volatility of the company's stock reflects the same.

On the other hand, if you decide to invest in this company, you should be ready to accept the meager earnings growth of 5.3%. The increase is lower than the Canada market average and would be the price to pay in exchange for the safety this stock provides.

Top-performing energy

Among the top performers on the TSX is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). Fortis that has enjoyed a 58% rise in share prices over the past five years. The company's EPS has also been similar to the actual share price at 9.2% and 9.4%, respectively.

The EPS shows that market sentiment around the company has not shifted all that much in the past five years, which is a good thing for low-risk investors — that and a dividend yield of 3.35% both make this a popular choice.

It goes to show that Fortis is a stable company even through [unexpected economic turbulence](#). A recent partnership between FortisBC and Top Speed Energy, for instance, ought to smooth out any wrinkles that may arise from a trade war. However, anyone interested in having a piece of Fortis may have to consider waiting for a dip in share price.

Steady bank

When **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) announced its financial report for the third quarter of the fiscal year 2019, you were probably surprised by the positive results.

Profits by the bank continued to rise despite negative market sentiment from the U.S. side of the business. Dividend payment for the quarter was also raised from \$1.40 to \$1.44 at a 2.9% increase from the previous quarter and 5.9% higher than the last year's quarter.

Now the company's dividend yield stands at 5.7%, enough to generate an attractive passive income to anyone trying to avoid risk. The yield also demonstrated that the company had enough cash in hand to handle any financial downturns in the future. Therefore, it is undoubtedly an excellent choice for any low-risk investor.

Conclusion

All of these stocks are excellent choices that don't carry a lot of investment risk, and you can choose any of these for a long-term investment with the additional benefit of consistent yields.

CATEGORY

1. Bank Stocks
2. Dividend Stocks

3. Energy Stocks
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1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:ENB (Enbridge Inc.)
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4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:ENB (Enbridge Inc.)
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