



Market Crash: Take Safety in Canada's Top Dividend Stocks

Description

The markets are experiencing a period of unprecedented volatility. Last week's market correction was followed by wild price swings in which markets gained or dropped more than 200 basis points on a daily basis.

The fear is real. In such an environment, retail investors are prone to making mistakes. Why? They let emotions guide their decision-making, which is rarely a good idea.

One way to avoid rash decisions is to invest in high-quality companies with a sustainable and [growing dividend](#). Knowing that you will be receiving consistent and reliable income regardless of market action offers investors a level of comfort, and helps ease the pain of volatile markets.

TC Energy

Pipelines are some of the most reliable income producers. The dividend is underpinned by cash flows from long-term take-or-pay contracts. One of the most reliable in the industry is **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)). It owns and operates one of the largest network of pipelines in North America, with assets in Canada, the United States and Mexico.

At 20 years and counting, TC Energy is a Canadian Dividend Aristocrat and owns one of the longest dividend growth streaks in the country. The company also has a strong dividend growth rate and has averaged high, single-digit annual dividend growth over the past ten years.

As of writing, the dividend is well covered accounting for only 75% of earnings. TC Energy aims to raise the dividend by 8-10% through 2021 and by 5-7% thereafter.

Dividend growth will be underpinned by the approximately \$30 billion worth of secured growth projects through 2023 – \$6 billion of which are expected to enter operation by the end of 2020.

As of writing, the company currently yields 4.42%. Along with expected growth and proven commitment to the dividend, it is one of the best income stocks on the TSX Index.

Fortis

Utility companies are arguably the most defensive stocks in the markets. Everyone needs power, and regulated electricity companies are very attractive in times of volatility.

Given that dividends are underpinned by stable and regulated cash flows, they make for some of the safest income stocks in the country.

Need proof? Three of the top five longest dividend growth streaks belong to utility companies. One of these companies is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). At 46 years long, it owns the second-longest growth streak in the country and is also among the top dividend growth stocks in North America.

How Fortis stand out from the others? For starters, it owns the second-lowest payout ratio among the 10 other utility Canadian Dividend Aristocrats.

It is also expected to post health and consistent growth rates in the mid-to-high single digits. This scenario is unlike the other two, top five-listed utility companies expected to post negative earnings.

Furthermore, the recent [cut to interest rates](#) will have a positive impact on Fortis' future growth projects. As they rely heavily on leverage to fund big capital projects, a cut in rates will reduce costs.

Fortis also has one of the most transparent dividend policies on the **TSX Index**. It has consistently had a targeted dividend growth rate and has never missed delivering.

Last September, Fortis announced a renewed commitment to growing the dividend by an average of 6% annually through 2024.

A recession-proof business model combined with a clear dividend growth strategy makes Fortis a top income pick for investors looking to ride out the storm.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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TICKERS GLOBAL

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2. NYSE:TRP (Tc Energy)
3. TSX:FTS (Fortis Inc.)
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