



New Investors: 2 Safe Dividend Stocks to Get Your Portfolio Started

Description

The current [bear market](#) offers safe dividend stocks at lower prices. This is the best time for new investors to start building their dividend stock portfolios.

Dividend investing is wonderful because it provides passive income while you watch your investments grow over time. To be able to withstand the volatility that can be especially hard to bear in a bear market, you must be confident about the durability of the businesses you're investing in.

Always remember that the long-term stock performance is driven by the underlying businesses, but the short term is driven by the whims of the market. If the business does well, you'll be rewarded with bigger dividends and price appreciation for the long haul.

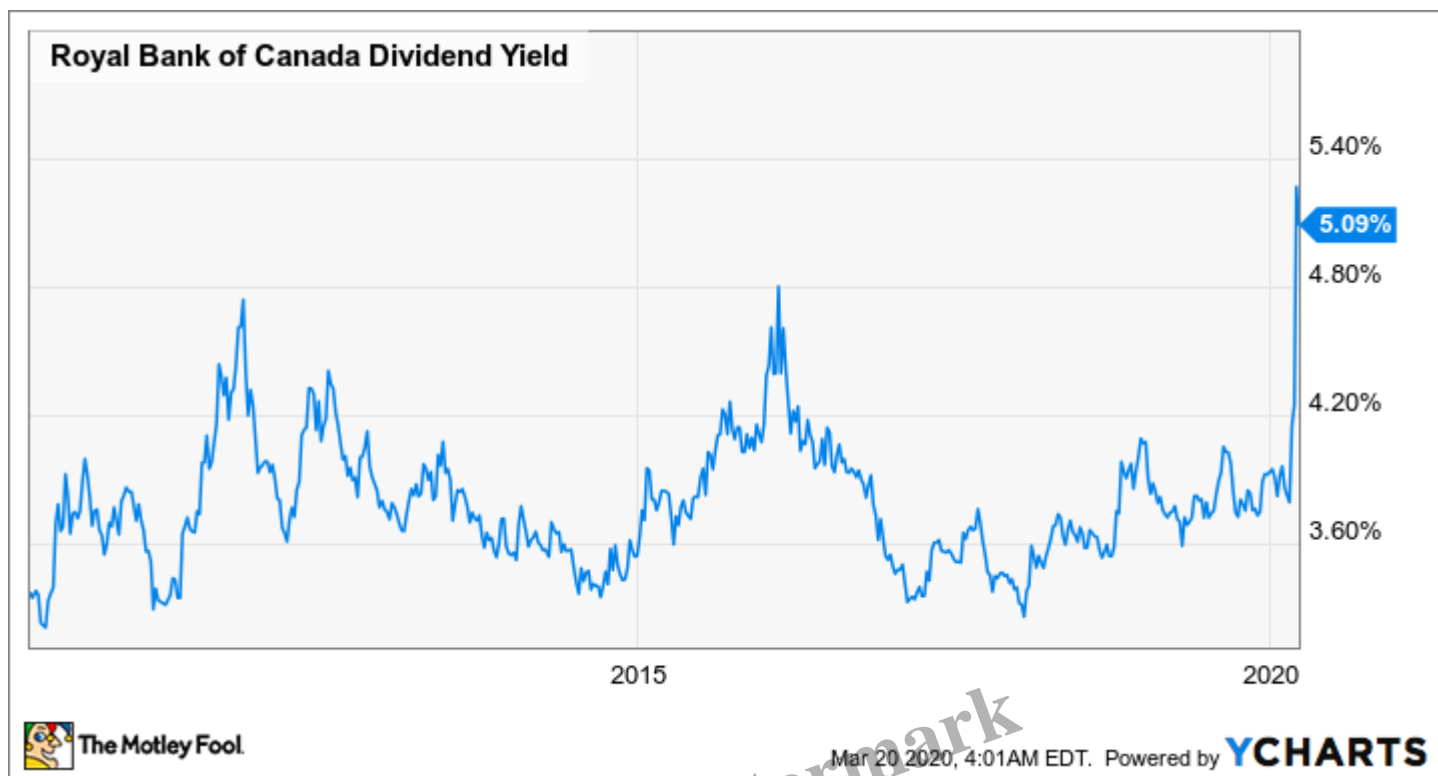
Without further ado, here are a couple of safe dividend stocks to get your portfolio started.

A safe dividend stock in the banking sector

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is the largest of the Big Six Canadian banks and a safe dividend stock. Its business is very diversified. RBC's business segments include personal and commercial banking (about 49% of earnings), capital markets (22%), wealth management (20%), insurance (6%), and investor and treasury services (3%).

Personal and commercial banking caters to the day-to-day banking, investing and financing needs of individuals and businesses. Capital Markets provides expertise in banking, finance and capital markets to corporations, institutional investors, asset managers, governments, and central banks. Wealth management helps high-net-worth and ultra-high-net-worth clients achieve their financial goals.

At about \$82 per share at writing, the banking stock offers a yield of 5.3%, which is at its 10-year high, as shown in the graph below. RBC stock's dividend is protected by a payout ratio of about 47%.



RY Dividend Yield data by YCharts.

Thanks to the current bear market, RY stock trades at about a 25% discount compared to where it should normally trade at.

A safe dividend stock in the utility sector

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a safe dividend stock. It is a leading North American utility that you can count on being here decades later. Fortis stock has paid increasing dividends for more than four decades!

Since it generates about two-thirds of its earnings from the U.S., the strong greenback against the loonie will be a nice boost to its earnings in the near term.

Across 10 utility operations in Canada, the U.S., and the Caribbean, Fortis has 3.3 million gas and electric customers. Additionally, Fortis has high-quality regulated electric transmission assets in nine states.

The regulated nature of its business makes its earnings highly predictable and reliable. As a result, Fortis stock has been extremely resilient against this stock market crash. The dependable stock has only fallen about 14% from its high compared to the Canadian market's 27%.

In fact, Fortis is so confident about its profitability that it already outright said it would increase its dividend by about 6% per year through 2024. Currently, it offers a trustworthy dividend yield of close to 3.9%.

The safe dividend stock is trading at a reasonable valuation.

The Foolish bottom line

RBC and Fortis are safe dividend stocks you can depend on. The leaders in their respective industries offer an average yield of about 4.6% to get your passive income portfolio started.

This income generation is much juicier than what you can get from high-interest savings accounts or GICs. And you can expect long-term price appreciation to further boost your total returns!

Here are more safe dividend stocks to [build your long-term wealth](#).

CATEGORY

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

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:FTS (Fortis Inc.)
4. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

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

Date

2025/07/30

Date Created

2020/03/22

Author

kayng

default watermark