Safe Stocks Paying Dividends? That's What the TSX Does Best

Description

Canadian investors are right to be looking for safe stocks paying dividends right now. Matching quality, yield, and safety are key when shopping for TSX dividend stocks, though. One sector stands out at the moment: energy production is recession-proof. It's also proving to be virus-proof.

This TSX dividend stock is solid

The utilities sector has long been a source of safe stocks paying dividends an investor can rely on. **Fortis** (TSX:FTS)(NYSE:FTS) really held its own this week. The classic utilities play remained consistently reassuring through even the darkest hours on the TSX. It's not the healthiest stock all-round, but its track record is superb.

Its 3.8% dividend yield looks low by contrast this week. But remember, this is because its fundamentals stayed solid. Fortis was, on average, positive by 4.4% for the week as of Friday. The stock goes ex-divided mid-May, so cautious investors or newcomers have time to watch its performance. Its 48% payout coverage makes for sturdy reliability and the opportunity for dividend growth.

If you've ever scoured the TSX for safe stocks paying dividends, you'll know it can be a frustrating slog. Sure, many investors rely on an asset manager or financial advisor to do the heavy lifting. But it's not so simple when you manage your own portfolio. However, the wins are all yours when that name you just stacked shares in raises your portfolio's yield. Fortis is a sterling example of the best place to start.

The coronavirus crash is delivering staggering yields

Safe stocks paying dividends come in various forms. We've covered utilities stocks. The green economy is another key area that ties in with energy. Investors may want to take a look at the 7.6% yield from **TransAlta Renewables** this weekend. The green economy could be one of 2020's heroes. It's a growth area, and packed with safe stocks paying dividends.

Or look at the potential of a beaten-up name like **Magna International**. The auto stock could come roaring back in a coronavirus rally and pays a 5.4% yield. Magna has several things going for it. First, it's amazing value at the moment. Second, it's a key stock for access to the high growth potential of the green economy. This is fed by its ties with the Chinese electric vehicle market — a third reason to get invested.

A deepening stock sell-off is the worst-case scenario. The best case is that the virus slacks off in summer. And then, likely within a matter of months, we'll have a vaccine. TSX dividend stocks will rally, and markets will recover. But the really important thing to bear in mind through all of this is that the world needs power.

The bottom line

Whether or not investors can avoid a total market meltdown in 2020 is beyond their control. However, what TSX investors can control is how much their portfolios return in terms of passive income. They can do this by locking in some tasty yields from the biggest blue-chip TSX dividend stocks. Investors still have strong options facing the coronavirus sell-off, so all is definitely not lost.

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