3 Safe Dividend Stocks to Add to Your TFSA

Description

Last week, I'd discussed two top safe defensive stocks that investors might want to pursue in these uncertain times. The S&P/TSX Composite Index was up roughly 150 points in early afternoon trading on March 30. This occurred in the face of major volatility for oil prices and news that the Trump administration was extending social-distancing measures through April 30.

Fortunately, there are many safe and stable dividend stocks available on the TSX. Today, I want to look at three safe dividend stocks that can provide some security for your portfolio.

Fortis: A super safe utility stock

Back in late 2018, I'd discussed why **Fortis** (TSX:FTS)(NYSE:FTS) was one of the strongest options for those who wanted a safe stock amid volatility. Its shares have dropped 12% month over month at the time of this writing. However, the stock is still up 3% year over year.

Utilities are some of the most reliable equities during turbulent times. Many Canadians have been forced to hunker down in response to the COVID-19 outbreak. This means that utilities will almost certainly see higher rates of consumption in the early spring season. Interest rates remain near historic lows, which will boost investment in this sector.

Fortis is an elite dividend payer. It last increased its quarterly dividend to $0.4775 per share. This represents a 3.8% yield. The company has delivered dividend growth for 46 consecutive years.

Loblaw

Grocery retailers qualify as safe stocks in this environment. Uncertain conditions have driven many consumers to resort to panic buying, and in the near term, sales have increased at top grocers. **Loblaw** (TSX:L) is the largest grocery retailer in Canada. Shares have been mostly static in 2020 so far.

In 2019, Loblaw posted net earnings of $1.58 billion — up 2.7% from the prior year. Loblaw also delivered retail same-store sales growth of 1.1% and Drug Retail same-store sales growth of 3.6%. The company has entered the spring with an adequate balance sheet, and the stock is trading near the middle of its 52-week range.

The company last paid out a quarterly dividend of $0.315 per share. This represents a modest 1.8% yield.

Canadian National Railway

Canadian National Railway (TSX:CNR)(NYSE:CNI) is engaged in the rail and transportation business. Supply chain health is extremely important during this crisis, and Canada's rail giants will be crucial in maintaining stability. Shares of CNR have dropped 11% in 2020 as of early afternoon trading on March 30.

The company's profits fell in the first half of fiscal 2020 due to a week-long strike and thinner freight demand. Both managed to hurt revenues in the most recent quarter. The diminished trade environment will weigh heavily on this industry, so investors should expect a pullback in revenues. However, in the long term, CNR is one of the most trustworthy assets on the TSX.

In its last quarterly report, the board of directors approved a 7% dividend increase to $0.5375 per share. It now offers a 2.2% yield.

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