



3 Dividend Aristocrats to Bank on Amid Volatility

Description

The financial markets have bounced back strongly with the **S&P/TSX Composite Index** up 45% from its March lows. But, it has become tough to forecast the future movement of the equity markets from here. The rising COVID-19 infections and weak economic indicators are a cause of concern. So, I believe the next few months to be highly volatile.

If the markets are volatile, it doesn't mean you have to stay away from the markets. You need to add stocks with strong balance sheets and are paying dividends at a respectable yield so you can not only protect your capital, but also earn dividends.

So, I have shortlisted three Dividend Aristocrats that are well positioned to continue paying dividends irrespective of the economic conditions.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is an energy utility company with well-diversified businesses in regulated electric and gas utility industry across North America. The company has allocated 93% of its assets towards distribution and transmission businesses that are regulated, delivering stable cash flows.

For the second quarter, Fortis's board had announced quarterly dividends of \$0.4775 per share, representing an annualized payout of \$1.91 at a forward yield of 3.54%. The company has raised its dividends for the past 46 consecutive years.

In the last 10 years, the company has hiked its dividends at a compound average growth rate (CAGR) of 5.8%. Also, it has planned to increase its dividends by 6% annually until 2024.

At the end of the first quarter, the company's liquidity stood at \$4.9 billion. The company [plans to raise its rate base](#) from \$28 billion in 2019 to \$38.4 billion by 2024. The increase in rate base would support the company's future cash flows.

With strong liquidity and growth prospects, I believe Fortis is well positioned to raise its dividends in the future. So, I think [Fortis would be a good buy amid the volatility](#).

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) has lost over 11% this year. I believe the decline was unwarranted, as 95% of the company's adjusted EBITDA comes from its regulated assets or long-term contracts. So, the company's financials will not be impacted much by the decline in commodity price or throughput.

Meanwhile, the company has secured projects worth \$43 billion which are either under construction stage or still preparing to commence. Once these projects become operational, the company will earn 98% of its EBITDA from fixed contracts, supporting stable cash flows.

TC Energy is a Dividend Aristocrat which had announced quarterly dividends of \$0.81 per share for the second quarter. The company's forward yield stands at 5.28%. Since 2015, the company's board has increased its dividends at a CAGR of 9.6%. The company has planned to increase its dividends by 8%-10% in 2021 and 5%-7% from there onward.

The company had \$1.9 billion of cash and cash equivalents at the end of the second quarter. After the quarter, it had raised \$9.0 billion through various debt facilities. So, given the strong liquidity and predictable cash flows, I believe TC energy can continue increasing its dividends in the future.

BCE

My third pick would be **BCE** ([TSX:BCE](#))([NYSE:BCE](#)), a telecommunication company. It is down by 6.6% for this year. In the first quarter, the company's operating revenue fell 0.9% due to a decline in economic and commercial activities amid the COVID-19 outbreak. So, lower operating revenue has put pressure on the company's stock price.

On May 6, BCE's board had announced quarterly dividends of \$0.8325 per share, with a yield of 5.93%. Since 2015, the company has raised its dividends at a CAGR of 6.4%. At the end of the first quarter, the company's liquidity stood strong at \$3.2 billion.

Amid the pandemic, the demand for BCE's services has increased, as businesses and employees have started working from homes.

Also, the company is focusing on the deployment of its high-speed fiber, and the launch of 5G service, which provides robust growth potential.

CATEGORY

1. Dividend Stocks

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)

2. NYSE:FTS (Fortis Inc.)
3. NYSE:TRP (Tc Energy)
4. TSX:BCE (BCE Inc.)
5. TSX:FTS (Fortis Inc.)
6. TSX:TRP (TC Energy Corporation)

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3. Msn
4. Newscred
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