Tech Stocks Failing You? Then Get These 3 Ultra-Safe Dividend Aristocrats

Description

Over the past two weeks, we've seen tech stocks take a tumble after months of gains. Despite several high-profile earnings beats, investors scrambled out of tech stocks, as concerns about a bubble mounted. On September 1, many high-profile tech companies like **Shopify** and **Tesla** were trading at nosebleed valuations. A few days later, they began to sell off, with fears of an overheated market being the main culprit.

Today, some individual tech stocks still look expensive. While the NASDAQ as a whole is nowhere near as expensive relative to earnings as it was in 2000, some individual tech stocks are getting there. So, fears of a "tech bubble 2.0" are not entirely unwarranted — though we'd expect a much more moderate crash this time around.

The bottom line is, in this environment, it would be wise to have a portion of your portfolio in traditional, defensive industries. With that in mind, here are three "ultra-safe" Dividend Aristocrats that could gain while tech stocks are falling.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) is Canada's largest convenience store company. It's best known for Circle K, a chain of convenience stores/gas stations that it took over from **ConocoPhillips** in 2003. Circle K is the most popular non-franchised convenience store chain in the United States. It's second to 7-11 if you include franchised chains. It's also rapidly taking over the convenience store market in Canada. ATD spent much of the 2010s taking over and re-branding **Irving** stores as Circle K locations, giving the company a dominant position in Canada.

Despite all of the COVID-19 headwinds in the economy, ATD managed to grow its earnings by 47% in the first quarter. That was made up of increased merchandise sales and lower fuel sales. Had COVID-19 *not* been a factor, overall earnings would have been even higher. ATD.B stock has a minuscule 0.63% yield right now but is considered a Dividend Aristocrat because of its phenomenal dividend growth.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a staple of Canadian Dividend Aristocrat portfolios. The stock yields 3.6% at today's prices and is backed by an unbeatable 46-year track record of dividend increases. Fortis's management aims to increase the dividend by 6% per year over the next five years. That would continue the company's unbroken dividend-growth streak, although the rate of growth would be lower than in years past. Regardless, you've got an ultra-stable utility selling for cheaper than earlier in the year, despite surprisingly decent post-COVID earnings. It's one of the most reliable dividend plays on the TSX.

iShares S&P/TSX Capped Composite Index Fund

Last but not least, we've got **iShares S&P/TSX Capped Composite Index Fund** (TSX:XIC). Technically, this is not a Dividend Aristocrat, as that term refers to a select group of stocks with 25 years of dividend increases. However, it's a diversified index fund that has delivered steady dividend growth over the past five years. For newbie investors, this would be an ideal dividend play. Its diversified holdings reduce risk. In exchange for that risk management, you pay fees so minuscule, you probably wouldn't even notice them. On top of that, you get about a 3% yield and strong potential for dividend growth. Maybe it's not *quite* a Dividend Aristocrat, but a perfect dividend play for inexperienced investors.

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1. Dividend Stocks
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2. TSX:FTS (Fortis Inc.)
3. TSX:XIC (iShares Core S&P/TSX Capped Composite Index ETF)

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Date
2025/08/22
Date Created
2020/09/14
Author
andrewbutton