



3 Safe Dividend Stocks to Buy Right Now

Description

The Canadian equity markets are on a roll after bottoming out in March. The **S&P/TSX Composite Index** has increased by over 50% from its March lows. However, the economic indicators are still weak, including the high unemployment rate and lower gross domestic product (GDP) numbers.

Further, the rising COVID-19 cases are cause for concern. The decoupling of the equity markets with the economy could lead to a correction. Meanwhile, you can protect your portfolio by buying the following three safe dividend stocks.

Fortis

My first pick would be **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)), which runs a gas and electric utility business, with rate-regulated assets generating 99% of its earnings. So, the company's financials are mostly immune to commodity price and volume fluctuations.

Further, the company [plans](#) to spend \$19.6 billion from 2021 to 2025 to increase its asset base to \$40.3 billion, representing an annual growth rate of 6%. The expansion in its rate base could support its earnings growth.

Further, Fortis is also expanding its presence in renewable energy. The company has planned to build 2,400 megawatts of wind and solar power facilities and 1,400 megawatts of energy storage facilities. The company hopes that these initiatives would help achieve its target of reducing its carbon emissions by 75% by 2035. So, its growth prospects look healthy.

Despite the challenging environment, Fortis had hiked its dividends by 5.8% to \$0.4775 per share, marking its 47th year of a consecutive dividend hike. Currently, it has a dividend yield of 3.7%. Given its recession-proof business model, stable cash flows, and healthy liquidity position, [Fortis's dividends are safe](#).

TransAlta Renewables

Amid the concerns over rising pollution, the world is moving towards a renewable energy source. So, I have chosen **TransAlta Renewables** ([TSX:RNW](#)), which has over 100 years of experience in operating renewable power generation facilities, as my second pick. Currently, it owns and operates 44 power-generating facilities, with 57% of its cash flows from renewable sources.

TransAlta Renewables sells the energy generated from its assets through long-term PPA (power purchase agreements), cushioning its financials against price and volume fluctuations. It also has a weighted average contract life of over 11 years. So, given its stable cash flows and longer contacts, the company's dividends are safe. It pays monthly dividends of \$0.7833 per share at an annualized rate of \$0.94 per share. So, it has a dividend yield of 5.3%.

Along with its stable cash flows and healthy dividend yield, the victory of Joe Biden, a proponent of clean energy, in the United States presidential elections makes me bullish on TransAlta Renewables.

NorthWest Healthcare Properties REIT

NorthWest Healthcare Properties REIT ([TSX:NWH.UN](#)) owns and operates 190 healthcare real estate properties with 15.4 million square feet of gross leasable area spread across Canada, Brazil, Europe, Australia, and New Zealand. It generates 80% of its revenue from public healthcare funding, delivering predictable cash flows. When most REITs are struggling, NorthWest Healthcare collected or formally deferred 97.6% of its revenue in its third quarter. Meanwhile, in October, the collection improved to 98.1%.

Its occupancy rate was stable at 97.2% in the third quarter, while its weighted average lease expiry stood at 14.5 years. Given its high collection rate, long contract tenure, and healthy liquidity position, NorthWest Healthcare would be an excellent buy amid an uncertain outlook.

The company also pays monthly dividends. It has announced monthly dividends of \$0.067 per share for November, representing an annualized payout rate of \$0.80 per share. Its dividend yield currently stands at an encouraging 6.5%.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
4. TSX:RNW (TransAlta Renewables)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date

2025/07/08

Date Created

2020/12/02

Author

rnanjapla

default watermark

default watermark