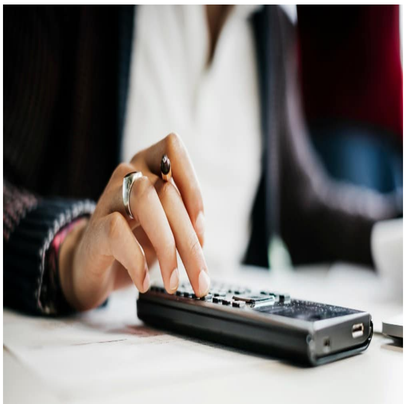

3 Super-Safe Dividend Stocks to Buy for Financial Stability

Description

A dividend is a long-term investor's best friend. However, not all dividend stocks are genuinely reliable. Some dividend payers are okay only in a boom but not during bust times. If you want durability for safety and income, three **TSX** dividend stocks stand out.

The **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD), **Emera** (TSX:EMA), and **Metro** (TSX:MRU) belong to a higher pedigree. Their yields aren't the highest, but the payouts won't dry up even in economic downturns.

Soaring profits

TD is flush with cash after the first half of fiscal 2021 (six months ended April 30, 2021). The adjusted net income rose 53% to $7.1 billion compared to the same period in fiscal 2020. Its provision for credit losses (PCLs) dropped to $64 million from $4.1 billion. Also, the profit of Canada's second-largest bank doubled in Q2 fiscal 2021.

Like its industry peers, TD's dilemma is where to put the excess capital. If you look at the P/E ratio (11.29), the $159.5 billion bank appears undervalued. At $87.70 per share, the dividend yield is 3.6%. So besides eyeing strategic acquisitions in the U.S., a dividend increase is a consideration.

TD's business model and diversity of revenue sources are the core strengths. Moreover, the bank is well-capitalized and adapts proactively during times of disruptions. In the 2008 financial crisis, TD was the only company that reported revenue and income growth.

Highly regulated revenue sources

Emera derives revenues from highly regulated utility assets, so the dividend payouts should be rock-solid for years. The subsidiaries of this $14.3 billion energy and services company engages in the generation, transmission, and distribution of electricity to customers in North America and the Caribbean.

Management expects the rate base to grow between 7.5% and 8.5% through 2023. The capital investment plan from 2021 to 2023 is worth $7.4 billion. Emera would deploy more than $2.1 billion of the total this year. Over the same period, they see the potential for additional capital opportunities of $1.2 billion.

Over the last decade, Emera's dividend per share growth is more than 8% compound annual growth rate (CAGR). Management targets a 4% to 5% annual dividend growth through 2022. At $56.65 per share, you get value for money. The utility stock pays a 4.5% dividend.

Essential services

Metro is a consumer-defensive and recession-proof stock. The $14.45 billion food and pharmaceutical company operates more than 950 food stores and over 640 drug stores. Apart from the successful market segmentation strategy, the giant retailer continues to invest and modernize its distribution network. Management's near-term goal is to expand organically by growing its retail footprint and customer base.

Notwithstanding COVID-19's continuing disruptions, Metro's net earnings in Q2 fiscal 2021 increased 6.8% to $188.1 million versus Q2 fiscal 2020. Metro President and CEO Eric La Flèche is confident that sales volume will remain elevated compared to or e-pandemic levels.

The most notable highlight during the quarter was the 240% increase in online food sales compared to the previous year. Since Metro provides essential services (food and pharmaceutical products), investors can expect uninterrupted cash flow streams. The stock trades at $58.77 at writing and pays a modest 1.69% dividends.

Dividend quality

When you choose stocks for financial stability, the quality of dividends takes precedence over yield. TD, Emera, and Metro have endured historic downturns yet delivered consistent payouts. Income-oriented investors should own them in their portfolios.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:EMA (Emera Incorporated)

3. TSX:MRU (Metro Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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