



2 Dividend Stocks to Buy Amid the Virulent Delta Coronavirus Variant

Description

The highly transmissible Delta coronavirus variant has triggered a rise in coronavirus cases, which is increasing the fear of a fourth wave coming to Canada. The general recommendation continues to be getting vaccinated while keeping masks on when you're in indoor public areas or when social distancing cannot be maintained.

In any case, the Delta strain could slow down economic reopening plans. With this setting in mind, here are a couple of defensive [dividend stocks](#) you can consider buying today. They delivered excellent business performance during the pandemic last year and should continue being defensive in any subsequent waves.

Fortis stock: A defensive dividend stock you can depend on

As electricity and natural gas are essential products and services, perhaps even more so, as people stayed longer at home during the pandemic, regulated electric and gas utility **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) remained defensive in 2020. The higher residential usage offset the decline in commercial usage, as some businesses temporarily closed their offices for example.

Fortis's 2020 revenue increased by 2% to \$8.9 billion, while its adjusted earnings per share rose marginally by less than 1% to \$2.57. This is a big achievement, since many businesses had huge drawdowns in revenues. Among the hardest-hit businesses are theatres, restaurants, hotels, airlines, etc., because of temporary economic lockdowns, travel restrictions, or social-distancing measures.

The bottom line is that [Fortis stock](#) was able to maintain its dividend-growth streak with a 6% dividend hike last year on a safe payout ratio of approximately 75%. I'll have you know that Fortis has a fabulous dividend-growth streak of 47 consecutive years and counting. In fact, its business is so predictable that the management already projects an average dividend growth of 6% per year through 2025.

Investors looking for a defensive name can consider picking up some fairly valued Fortis shares today for a forward yield of close to 3.8% on an expectation of a dividend increase of 6% next month.

A top Canadian REIT

People invest in real estate primarily for income. However, it comes with making down payments, making mortgage payments, managing tenants, maintaining properties, paying taxes and insurance, etc.

You could hire a real estate agent with the leasing, but it'll come with extra cost. If you're not maintaining the property yourself, you're hiring someone to do it. So, it comes with work, and the costs can add up. What's the net income you get from your real estate investment after all the cost? Is the work worth it?

There's a more passive way to invest for rental income — by buying units of real estate investment trusts (REITs). REITs are immediately more diversified because they invest in a portfolio of real estate properties.

However, REITs are subject to volatility risk similar to stocks. So, REITs can fall substantially during a market correction, which could be a great time to buy. You must be selective about the REITs you choose, because the quality of the underlying management team and growth potential of the REIT's cash distribution is important.

One exceptional Canadian REIT that continues to shine is **Canadian Net REIT**. It's rare for REITs with dividend growth. Ones that do typically grow their dividend by about 3% per year. In contrast, Canadian Net REIT has increased its cash distribution by approximately 10% since 2012. And it pays an initial juicy yield of 4% today.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn

4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. kayng
2. kduncombe

Category

1. Coronavirus
2. Dividend Stocks
3. Investing

Tags

1. Editor's Choice

Date

2025/09/17

Date Created

2021/08/04

Author

kayng

default watermark

default watermark