3 Safe Canadian Dividend Stocks to Buy in September

Description

September and October have histories of being volatile months for the stock market, and a meaningful correction is always a risk. This is particularly the case in 2021, after a blistering rally has taken stocks to new record levels this year.

With this thought in mind, it might be a good idea to put new money to work in defensive dividend stocks that should hold up better than the broader market when the next market pullback occurs.

Algonquin Power

Algonquin Power (TSX:AQN)(NYSE:AQN) is based in Ontario, but most of its operations are located in the United States. The company has an interesting mix of renewable power and utility assets. Wind, solar, thermal, and hydroelectric projects are an ongoing part of the capital program, while Algonquin Power continues to add new water distribution wastewater collection, electric, and natural gas utilities to its portfolio.

The strategy of growing both divisions through acquisitions and organic projects has served the company and its investors well. Algonquin Power raised the dividend by 10% in 2021 and should deliver strong distribution gains in the coming years, supported by new revenue from completed projects and future acquisitions.

The stock trades near $19.50 at the time of writing compared to the 2021 high around $22.50, so there is some decent upside potential on the next rebound. The current dividend provides an annualized yield of 4.4%.

Telus

Telus (TSX:T)(NYSE:TU) is a leader in the Canadian communications industry with world-class wireless and wireline networks providing mobile, internet, and TV services to people and businesses across the country. The company recently spent $1.9 billion on new spectrum to boost the growth of the 5G network.

Telus also has a health division that saw a surge in the uptake of its services in the past year. Telus Health provides digital solutions for medical professionals, hospitals, and insurance companies. The trend to more online health service is expected to continue, and Telus is already a leader in the space in Canada.

Telus has a great track record of dividend growth. Investors who buy the stock now can pick up a 4.3% dividend yield.

Emera

Emera (TSX:EMA) owns $31 billion of utility assets located in Canada, the United States, and the Caribbean. The businesses are primarily electric utilities representing 85% of the rate base with the remaining 15% being natural gas utilities. In the Q2 2021 earnings report Emera said it has $7.4 billion in capital projects on the go through 2023 with another $1.2 billion under consideration.

The growth in the rate base as the assets are completed should support a dividend increases of at least 4% next year.

Revenue comes from regulated assets, and cash flow should be predictable and reliable. This makes Emera a good pick for investors who simply want to buy a quality dividend stock and not worry about market volatility. At the time of writing, the dividend provides a 4.3% dividend yield.

The bottom line

Algonquin Power, Telus, and Emera are all top-quality stocks that pay attractive distributions that should continue to grow. The companies provide essential services that are needed in any economic situation, and the stocks should be decent defensive picks for a diversified portfolio.

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1. Dividend Stocks
2. Investing

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Date
2025/07/22
Date Created
2021/09/15
Author
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