4 Safe Canadian Dividend Stocks to Buy Amid Rising Volatility

Description

With the Federal Reserve of the United States announcing it will tighten liquidity in the coming years, and with rising COVID-19 cases, I expect the volatility in the equity markets to continue. So, investors can strengthen their portfolios by buying the following four safe dividend stocks that generate stable and predictable cash flows, even during the economic downcycle.

Telus

Amid growing customer base and increasing revenue per customer, I have picked **TELUS** (TSX:T)(NYSE:TU) as my first pick. It generates substantial revenue from recurring sources, thus delivering stable and predictable cash flows. With the rising digitization and increase in remote working and learning, the demand for the company's services could grow in the coming quarters.

Meanwhile, Telus has accelerated its buildout of the PureFibre network and 5G service to connect more homes and businesses. By the end of the September-ending quarters, the company provided 5G service to 64% of the Canadian population. Given its strong $2 billion liquidity, the company is well equipped to fund its growth initiatives. Supported by solid cash flows, its board recently raised its quarterly dividend by 5.2% to $0.3274 per share, with its forward yield currently at a healthy 4.44%.

Fortis

With around 99% of regulated assets, **Fortis** (TSX:FTS)(NYSE:FTS) is largely immune to market volatilities. It generates substantial cash flows, allowing it to raise its dividend for the last 48 consecutive years. Its forward dividend yield stands at a healthy 3.41%.

Additionally, Fortis has planned to invest around $20 billion from 2022 to 2026, increasing its rate base by $10 billion at a CAGR of 6%. The increasing rate base, robust cash flows, and favourable rate revisions could boost the company's financials in the coming years. Given its healthy outlook, the company's management hopes to increase its dividends at a rate of 6% through 2025. So, I believe Fortis would be an excellent buy in this volatile environment.

Canadian Utilities

Canadian Utilities (TSX:CU) is my third pick. It has increased its dividend for the last 49 years — longer than any Canadian public company. With over $20 billion of assets, the company serves around two million customers, meeting their electric and natural gas needs. Given its low-risk utility business, the company generates stable cash flows, thus allowing it to raise dividends consistently.

Notably, the company has planned to invest around $3.2 billion through 2023 to increase its rate base from $14 billion to $14.8 billion. Along with these investments, its solid underlying business and robust cash flows could allow the company to continue with its dividend growth. Meanwhile, Canadian Utilities's forward dividend yield is currently at an attractive 4.97%.

TransAlta Renewable

My final pick is **TransAlta Renewables** (TSX:RNW), which has an economic interest in 49 power-producing assets spread across Canada, the United States, and Australia. Meanwhile, most of its assets are regulated through long-term contracts, thus lowering the impact of volume and price fluctuations and generating solid cash flows. So, I believe its dividend is safe. Meanwhile, its forward yield currently stands at 5.22%.

TransAlta Renewable also focuses on strategic acquisitions to drive growth. Since its IPO in 2013, the company has completed acquisitions worth $3.4 billion. In November, it acquired 20 solar photovoltaic facilities in North Carolina, adding 122 megawatts of additional capacity. Also, it has several projects under evaluation, which could increase its power-producing capacity by two gigawatts. With the rising transition towards clean energy, the company's growth prospects look healthy.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:TU (TELUS)
3. TSX:CU (Canadian Utilities Limited)
4. TSX:FTS (Fortis Inc.)
5. TSX:RNW (TransAlta Renewables)
6. TSX:T (TELUS)

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. kduncombe
2. rnanjapla

Category

1. Dividend Stocks
2. Investing

Date
2025/08/24
Date Created
2022/01/11
Author
rnanjapla