Boost Your Passive Income With These 3 Safe Dividend Stocks

Description

With the inflation in the United States reaching a multi-decade high, Jerome Powell, the chairman of the Federal Reserve, has stated that the U.S. central bank has substantial room to increase interest rates without hurting the labour market. These statements appear to have made investors nervous, leading the S&P TSX Composite Index to fall 1.6% from yesterday's highs. Meanwhile, I expect the volatility in the equity markets to continue in the near term. So, here are three safe dividend stocks that you can bet on to shield against rising volatility and earn stable passive income.

Bank of Nova Scotia

My first pick is **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS). The financial services companies could benefit from the rising interest rates, as the spread between lending and deposit rates could widen, increasing profitability. Also, the improvement in economic activities could drive credit growth, increasing the demand for the company's services. The company has substantial exposure to high-growth markets, which can witness strong growth amid economic expansion and higher commodity prices.

Supported by its strong financials, Bank of Nova Scotia has raised its dividend 43 times over the last 45 years. Meanwhile, the company currently pays a quarterly dividend of $1 per share, with its forward yield at 4.42%. So, given its healthy growth prospects, strong financial positions, and impressive track record, Bank of Nova Scotia would be an excellent buy in this volatile environment.

BCE

Second on my list is **BCE** (TSX:BCE)(NYSE:BCE). Amid rising digitalization, telecommunication companies offer high-growth prospects. BCE has accelerated its investments to strengthen its 5G and broadband services. These investments and rising demand could boost the company's financials in the coming quarters. Its growing customer base and higher recurring revenue generate robust cash flows. Meanwhile, the company's management projects a 2-5% growth in its revenue and adjusted EBITDA in 2022.

So, given its healthy growth prospects and strong liquidity of $6.1 billion, I believe BCE's dividend is safe. Currently, it pays a quarterly dividend of $0.875, with its forward yield standing at 5.36%. BCE is a Canadian Dividend Aristocrat that has increased its dividend at a CAGR of 6.7% over the last 10 years. So, BCE looks like an attractive buy, despite the volatility.

Enbridge

As my third pick, I have opted for **Enbridge** (TSX:ENB)(NYSE:ENB), a Dividend Aristocrat. The company operates over 40 diverse revenue-generating midstream assets, with around 98% of its adjusted EBITDA generated from cost-of-service or take-or-pay contracts. So, its cash flows are predictable and stable. Supported by these stable cash flows, the company has raised its dividend for 27 consecutive years. Meanwhile, its forward yield currently stands at an impressive 6.58%.

Notably, Enbridge had put around $10 billion of projects into service in the first three quarters of 2021, which could boost its financials this year. Further, the company expects to invest around $3-$4 billion annually to expand its core low-capital-intensity projects and utility assets through 2024. The company's asset utilization rate could increase amid rising energy demand. So, given its healthy growth prospects, the management expects its DCF per share to grow at a CAGR of 5-7% over the next three years. So, given its healthy growth prospects, stable cash flows, and healthy liquidity of $10 billion, the company is well equipped to continue with its dividend growth.

CATEGORY

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2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:ENB (Enbridge Inc.)
4. TSX:BCE (BCE Inc.)
5. TSX:BNS (Bank Of Nova Scotia)
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