3 Safe Dividend Stock to Buy Amid Rising Volatility

Description

The concerns over growing tension between Russia and Ukraine and rising inflation have increased the volatility in the equity markets globally. So, in this volatile environment, here are three safe Canadian dividend stocks that you can buy to strengthen your portfolios. Given their steady cash flows, healthy growth potential, and regular payouts, these stocks are less susceptible to market volatility.

Fortis

With 10 utility assets, **Fortis** (TSX:FTS)(NYSE:FTS) serves around 3.2 million customers across North America. With 99% of regulated assets, the company generates stable cash flows irrespective of the state of the economy. Supported by these substantial cash flows, the company has increased its dividend for 48 consecutive years, with its forward yield currently at 3.42%.

Meanwhile, Fortis has planned to invest around $20 billion over the next five years, expanding its distribution, transmission, and clean energy assets. These investments could increase its rate base from $10.5 billion at a CAGR of around 6%. The increase in rate base and favorable rate revisions could boost its financials in the coming years. So, given its healthy growth prospects, its management hopes to increase its dividends by 6% annually through 2026. So, I believe Fortis can provide stability to your portfolio in this volatile environment.

Telus

Telus (TSX:T)(NYSE:TU) has an excellent track record of rewarding its shareholders. Since 2004, it has returned $20 billion to shareholders, with $15 billion in dividends. Meanwhile, it had reported a solid fourth-quarter performance last week, with its top line and adjusted EBITDA increasing by 20% and 7.6%, respectively. Supported by the strong demand and an expanded product portfolio, the company has added 960,000 new customers in 2021 and 1.7 million over the previous two years.

Meanwhile, Telus's management has planned to make a capital investment of $3.4 billion this year to advance its PureFibre network coverage and accelerate the deployment of 5G service across Canada.

These investments could boost its financials. Meanwhile, the management expects its revenue and adjusted EBITDA to grow by 8-10% this year while generating free cash flows of $1-$1.2 billion.

Meanwhile, after reporting a solid fourth-quarter performance, Telus has raised its quarterly dividend by 5.2% to $0.3274, with its forward yield at 4.15%. Given its healthy growth prospects, stable cash flows, and attractive dividend yield, Telus would be an excellent addition to your portfolio.

Bank of Scotia

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS), which has been paying a dividend since 1833, is my final pick. With inflation at a multi-decade high, the Federal Reserve could increase interest rates multiple times this year. Meanwhile, banks are currently flush with liquidity. So, the increase in interest rate could widen the gap between lending and deposit rates, thus expanding the margin of financial services companies, including Bank of Nova Scotia.

With the easing of restrictions, economic activities could increase, expanding the loan portfolio. Bank of Nova Scotia has significant exposure to commodity-driven markets, which could witness strong growth amid rising commodity prices. Additionally, lower provisions and diversified revenue streams augur well with its growth. So, I believe the company's dividend is safe. It currently pays a quarterly dividend of $1 per share, with its forward yield at 4.29%.

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Author
rnanjapla