3 Safe Dividend Stocks to Strengthen Your Portfolio

Description

The **S&P/TSX Composite Index** corrected 2.3% yesterday, wiping out more than it gained on Wednesday. Investors fear that the 0.5% interest rate hike by the Federal Reserve might not be enough to tame inflation, and the Central Bank of the United States might need to take more aggressive initiatives. These fears have dragged the index down. So, in this volatile environment, investors can strengthen their portfolios by adding these three safe dividend stocks.

Fortis

With its 10 utility operations, **Fortis** (TSX:FTS)(NYSE:FTS) services around 3.4 million customers across North America, supplying electricity and natural gas. Its 99% of assets are regulated. So, given its low-risk and regulated business, the company is less susceptible to market volatility, thus delivering stable and reliable financials and cash flows. Supported by these robust cash flows, the company has raised dividend uninterrupted for 48 years, with Its forward yield currently at 3.47%.

Meanwhile, the company has planned to invest around $20 billion over the next five years, with approximately $3.8 billion in clean energy. These investments could increase its rate base at a CAGR of 6%, thus boosting its cash flows at a healthier rate. So, Fortis's management expects to raise its dividend at an annualized rate of 6%. So, I believe Fortis would be an excellent buy in this volatile environment.

BCE

Yesterday, **BCE** (TSX:BCE)(NYSE:BCE) reported a solid first-quarter performance, with its adjusted EPS growing by 14.1% to $0.89. The strong performance from its wireless and media business units drove its financials. The growth in its subscriber base, higher average revenue per customer, and increased roaming revenue due to the growing international travel volumes drove the financials of its wireless segments. With the growth in sports TV programming and continued digital growth, the company's revenue from the media segment grew by 15.7%.

Notably, BCE's management has reaffirmed its 2022 guidance and has stated that it is on track to add 900,000 fibre connections this year while expanding its 5G service to 80% of the Canadian population. Given these investments, the company is well positioned to benefit from the expanding addressable market due to digitization and the rise in remote working and learning. With liquidity of $2.8 billion, BCE's financial position also looks healthy. So, I believe BCE's dividend is safe.

With a quarterly dividend of $0.92/share, the company's forward yield stands at 5.33%. So, given its growth potential, stable cash flows, and high dividend yield, I expect BCE to outperform the broader equity market in the near to medium term.

Canadian Utilities

Canadian Utilities (TSX:CU) has the longest track record of any Canadian public company to raise dividends consecutively. It has increased its dividend for the last 49 years, with its forward yield currently at 4.57%. Last week, it reported a robust first-quarter performance, with its adjusted EPS growing by 15.7%. The strong performance from its Alberta-based distribution utilities drove its financials.

Meanwhile, the company has made a capital investment of $263 million in the first quarter, with 83% in regulated utility assets and the remaining 17% in energy infrastructure. These investments align with its planned investment of $2 billion in 2022 and 2023. So, given its stable cash flows from low-risk assets, capital investments, and an impressive track record, I believe Canadian Utilities will strengthen your portfolio in this uncertain outlook.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:FTS (Fortis Inc.)

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