Amid Rising Volatility, Here Are 4 Safe Dividend Stocks for Beginners

Description

This year has been challenging for investors. The rising inflation, multiple rate hikes, and geopolitical tensions have made investors nervous, thus raising the volatility. So, if you are a new entrant to the equity markets and are worried about where to invest, here are my four safe picks. Given their recession-proof business models, regular payouts, and healthy growth potential, these four stocks are less susceptible to market volatilities.

NorthWest Healthcare Properties REIT

NorthWest Healthcare Properties REIT (TSX:NWH.UN) would be an excellent stock to have in your portfolio, given its highly defensive healthcare portfolio, long-term agreements, reliable tenants, and inflation-indexed rent. Its occupancy and collection rate remain higher, irrespective of the state of the economy. So, supported by these solid cash flows, the company pays dividends monthly at a healthier yield. Currently, its forward dividend yield stands at an impressive 6.4%.

Meanwhile, NorthWest Health has recently expanded its presence in the United States by acquiring 27 healthcare facilities for $765 million. It is also working on increasing its presence in Canada, Europe, and Australia. It has around $2 billion of projects under the pipeline. So, its growth potential looks healthy.

Fortis

Due to their low-risk and regulated business, utility companies are less susceptible to broader equity market volatility. These companies generate reliable and predictable cash flows, irrespective of the economic outlook. So, I have selected **Fortis** (TSX:FTS)(NYSE:FTS) as my second pick. It serves around 3.4 million North American citizens meeting their electricity and natural gas requirements. Given its stable cash flows, the company has raised its dividends uninterrupted for the previous 48 years, with its forward yield currently standing at 3.4%.

Fortis has committed a capital investment of $20 billion for the next five years, with around $3.8 billion on clean energy. Supported by these investments, the company expects to grow its rate base at an annualized rate of 6% from 2022 to 2026, which could boost its financials and cash flows. So, I believe Fortis is well positioned to continue its dividend growth in the coming years.

Waste Connections

Waste Connections (TSX:WCN)(NYSE:WCN) collects, transfers, and disposes solid, non-hazardous wastes in secondary or exclusive markets. Given the essential nature of its business, the company generates stable financials and cash flows, even during economic downturns. Last week, the company had reported a solid first-quarter performance, with its revenue and adjusted EPS growing by 17.9% and 17.2%, respectively. It also generated an adjusted EBITDA of $502.1 million at a margin of 30.5%.

Meanwhile, I expect the uptrend in Waste Connections's financials to continue. With the rising oil demand, exploration and production activities could rise, driving the need for the company's services. Despite its aggressive acquisition strategy, the company has maintained its adjusted EBITDA margin above 30%, which is encouraging. The company has increased shareholders' value by increasing its dividends by over 10% annually for the previous 11 years, which is encouraging.

BCE

Amid the increased adoption of remote working and learning and rising digitization, the demand for telecommunication services has been rising. These companies earn a substantial percentage of revenue from recurring sources, thus generating robust cash flows. So, I have selected **BCE** (TSX:BCE)(NYSE:BCE), one of Canada's three top telecom players, as my final pick.

In its recently reported first quarter, BCE's revenue and adjusted EBITDA grew by 2.5% and 6.4% amid solid performance from its wireless, residential internet, and media segments. Supported by its accelerated capital expenditure, the company hopes to increase its fibre connections by 900,000 this year while expanding its 5G service to cover 80% of the Canadian population. The reopening of the economy could boost its roaming revenue due to the growing international travel volumes and media revenue due to increased sports TV programming. So, I believe BCE's dividend is safe. With a quarterly dividend of $0.92/share, its forward yield stands at 5.4%.

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2. NYSE:FTS (Fortis Inc.)
3. NYSE:WCN (Waste Connections)
4. TSX:BCE (BCE Inc.)
5. TSX:FTS (Fortis Inc.)
6. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
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