3 Safe (Low-Volatility) TSX Dividend Stocks to Invest in July

Description

Amid the ongoing volatility in the market and economic uncertainty, investors should focus on generating a steady income from relatively safer stocks.

By safer stocks, I am referring to the shares of the companies that are less volatile. Further, these companies are stable and well established, have solid earnings bases, and have well-protected yields. With stability and safe dividend income in the background, here are my top three recommendations.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a safe stock to invest in, and there are solid reasons behind that. The company operates a low-risk utility business that remains immune to economic cycles. Moreover, its regulated utility assets generate growing and predictable cash flows that comfortably covers its payouts. Thanks to its conservative asset base and steady cash flows, Fortis stock remains stable, even amid wild market swings.

For context, Fortis operates 10 regulated utility businesses, which account for 99% of its earnings. This indicates that Fortis's payouts are very well protected and can be relied upon. Thanks to its solid assets and high-quality earnings base, Fortis has increased its dividend for 48 consecutive years. Moreover, Fortis is confident about increasing its dividend by 6% annually through 2025. Further, it offers a yield of 3.5%.

Fortis's dividend-growth guidance appears achievable due to its multi-billion capital investments aimed at expanding its rate base. The company expects its rate to grow at a CAGR of 6% and reach $41.6 billion by 2026.

Overall, its low-risk business, high-quality earnings base, and healthy dividend–growth guidance make Fortis a solid dividend stock to invest in.

Canadian Utilities

Investors could consider investing in **Canadian Utilities** (TSX:CU) for safe income amid volatility. Like Fortis, Canadian Utilities operates a low-risk business and owns rate-regulated and contracted assets that consistently generate strong cash flows.

Thanks to its high-quality earnings and growing cash flows, Canadian Utilities continues to enhance its shareholders' value through increased dividend payments irrespective of the market conditions.

For instance, Canadian Utilities has the longest track record of dividend growth by any Canadian company. It has raised its dividend for 50 years and is well positioned to increase it further on the back of its solid cash flows.

It continues to invest in regulated and contracted assets, which drive its earnings base and dividend payments. Investors can earn a reliable yield of 4.6% by investing in Canadian Utilities stock.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) stock is another top bet to generate regular income irrespective of the volatility. Its regulated and long-term contracted assets generate predictable cash flows that drive its dividend payments.

Notably, Algonquin Power & Utilities has raised its dividend for 12 consecutive years. Moreover, its growing rate base and solid earnings growth guidance suggest that the company could continue enhancing its shareholders' value through dividend hikes.

This utility company sees its rate base growing at a mid-teens rate annually over the next five years. Moreover, it projects its earnings to increase at a CAGR of 7-9% during that period.

Its conservative business mix, growing rate base, and earnings growth will likely support its stock price and dividend payments. Algonquin stock is yielding 5.4% at current levels. Moreover, its payout ratio is sustainable in the long term.

CATEGORY

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2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:FTS (Fortis Inc.)

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