The 3 Safest Dividends Right Now

Description

The stock market has started the second half of the year under the dark cloud of a potential recession. In such a market condition, buying some fundamentally strong dividend stocks could reduce risks to your overall portfolio. While all dividend stocks may not guarantee outstanding returns in the short term, they could still deliver regular income for you to reinvest in stocks and generate handsome returns on your investments in the long run.

In this article, I'll talk about three of the safest dividend stocks that Canadian investors can buy right now.

IGM Financial stock

IGM Financial (TSX:IGM) is a Winnipeg-based wealth and asset management firm with a market cap of about $8.3 billion. The company makes most of its revenue from its wealth management segment, and it had about $255.8 billion worth of total assets under management and advisement at the end of May. After posting 32% gains in 2021, its stock has dived by nearly 24% this year so far to $34.77 per share. The stock offers an attractive dividend yield of around 6.5%, which translates into an annual dividend of $2.25 per share.

In 2021, IGM Financial's adjusted earnings reached a new record of $4.05 per share, showcasing a solid 26.6% YoY (year-over-year) positive growth with the help of record-high sales, positive investment returns, and higher earnings contribution from its strategic investments. Amid rapidly rising interest rates, its fixed-income strategies are likely to perform well and help it keep its strong earnings–growth trend intact.

Power Corporation of Canada stock

Power Corporation of Canada (TSX:POW) is also a reliable dividend stock to consider right now.This Montréal-based management and holding company focuses on providing financial services across North America, Europe, and Asia.

Interestingly, Power Corporation has nearly 61.6% stakes in IGM Financial and about 66.6% in the insurance firm **Great-West Lifeco** through its wholly owned subsidiary **Power Financial**. Power Corporation stock currently trades at $33.33 per share after sliding by more than 9% in June. The stock offers an attractive dividend yield of around 5.9% at the moment.

Last year, Power Corporation's total revenue jumped by 7.7% YoY to $69.6 billion with the help of a surge in its total net premiums and fee income. Despite its rising expenses, the company posted a solid 59% YoY jump in its adjusted earnings for the year to $4.77 per share. Going forward, Power Corporation's insurance business might benefit from a higher interest rate environment, making it one of the safest dividend stocks to buy in Canada right now.

BCE stock

BCE (TSX:BCE)(NYSE:BCE) could be another safe dividend stock pick to consider right now. At the end of May, the shares of this Verdun-based communication giant were trading with 5% gains in 2022. However, the recent broader market selloff took its shares down by more than 8% in June, and it now trades with nearly 3% year-to-date losses. BCE stock has a decent annual dividend yield of 5.4%.

After posting a 5.6% YoY jump in its adjusted earnings in 2021, BCE's earnings-growth rate is likely to accelerate in the ongoing year, as the demand for its broadband and 5G services is expected to continue growing, despite recession fears, which should help its stock recover fast. That's why long-term investors may want to consider buying this safe dividend stock right now.

CATEGORY

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3. TSX:IGM (IGM Financial Inc.)
4. TSX:POW (Power Corporation of Canada)

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