



2 Safe Dividend Stocks to Buy for a Market Correction

Description

The **S&P/TSX Composite Index** advanced 121.56 points (+0.64%) to start this week, but it isn't yet safe to assume the momentum will carry on. Energy stocks were the brightest lights as they lifted the index to above the 19,000 level. However, a decline or retreat is still possible, especially if recession fears continue to grip the market.

According to Martin Pelletier, senior portfolio manager at Wellington-Altus Private Counsel, the market will react swiftly to news. The earnings season for Q2 2022 isn't over and the U.S. Federal Reserve is due to announce another rate increase this week.

Market observers advise people to remain cautious and be prepared for surprises. If you're an income investor, dividend safety should be your primary consideration. Unless your portfolio includes **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) and **BCE** ([TSX:BCE](#))([NYSE:BCE](#)), you need to prepare for a market correction.

The pair are safety nets when the going gets tough. Even if share prices drop, dividend payments should remain rock solid. More importantly, the products and services these companies provide are essential to consumers and businesses in North America.

Next dividend king

Fortis is in line to become the TSX's second dividend king after **Canadian Utilities**. A dividend hike this year and in 2023 will mark 50 consecutive years of dividend increases. The \$28.86 billion company has a commanding presence in the regulated electric and gas utility industries of North America and the Caribbean.

Fortis has a competitive advantage in that its geographically diverse utility businesses are virtually 100% regulated. At \$60.50 (+0.90% year-to-date), the dividend yield is a decent 3.49%. With its new \$20 billion five-year capital plan (2022 to 2026), management is confident it could raise dividends by 6% on average annually through 2025.

Industry leader

BCE, the most dominant player in Canada's telco industry, can keep investors whole on dividend payments, notwithstanding a market downturn. The \$57.6 billion telecommunications and media company generates between \$2.9 billion and \$3.3 billion in net income every year.

The 5G stock is a dividend aristocrat owing to its dividend growth over the past 13 years. Also worth noting is that BCE has been paying dividends since 1881. It currently trades at \$63.17 per share (-1.36%) and pays a mouth-watering 5.81% dividend. The total return in 46.59 years is 74,999.14% (15.27% CAGR).

ETFs for beginners

Newbie investors or those with lower-risk appetites can invest in a dividend-paying exchange-traded fund (ETF) instead of individual stocks. A [safe option](#) like Fortis and BCE is **iShares S&P/TSX Canadian Dividend Aristocrats Index ETF (TSX:CDZ)**. The fund includes a diversified portfolio of high-quality Canadian dividend paying companies. Among the TSX's 11 primary sectors, only technology is not represented in this ETF.

BlackRock, the portfolio manager, seeks to replicate the S&P/TSX Canadian Dividend Aristocrat Index through CDZ. As part of its selection process, the fund invests only in companies that have raised dividends every year for at least five years.

The financial (23.6%), energy (15.19%), and utility (12.61%) sectors have the most significant percentage weights, and CDZ owns Fortis and BCE shares. Besides the cheaper price (\$30.44 per share), the dividend yield (3.57%) is equally attractive. Furthermore, the dividend payout is monthly, not quarterly.

Safe dividend stocks

The 2022 investment landscape is strangely erratic due to inflationary pressures, supply chain disruptions, and recession fears. However, even in turbulent times, investors can rebalance and move to safe dividend stocks to continue receiving passive income streams.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:CDZ (iShares S&P/TSX Canadian Dividend Aristocrats Index ETF)

5. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. agraff
2. cliew

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

Date

2025/08/12

Date Created

2022/07/28

Author

cliw

default watermark

default watermark