3 of the Safest Dividend Stocks on Earth Right Now

Description

When it comes to stocks, there is no such thing as "completely safe." Even the most stable blue-chip giants are not immune to adverse market, industry, and economic conditions and may fall if the headwinds are harsh enough. But few stocks come close to the mark and may be considered significantly safer than others.

These are stocks that don't just have a history of sustaining or growing their payouts during harsh economic conditions but are also leaders in their respective industries with significant competitive advantages. And three of these "safest" stocks should be on your radar.

A utility stock

Fortis (TSX:FTS)(NYSE:FTS) is easily one of the safest dividend stocks in North America. Not only is it the second-oldest Dividend Aristocrat in Canada and has grown its payouts for 48 consecutive years, but it's also quite close to joining the elite Dividend King club (50 consecutive years of dividend raises). And this history is not the only thing that makes it the safest.

The company's payout ratio hasn't crossed the 100% mark once in the last 10 years, though it came pretty close in 2014. It has an impressive consumer base of over 3.4 million and offers electricity and natural gas. 99% of its assets are regulated, with 10 operations in three regions (geographic diversity).

And the best part is that it offers decent long-term capital-appreciation potential along with safe and healthy dividends. It has risen by almost 400% in the last two decades.

An insurance stock

Dividends are not the first thing that comes to mind when considering the **Intact Financial** (TSX:IFC) stock. It's the largest Property and Casualty (P&C) insurance company in Canada, and it also has a decent international reach.

The leadership position in the Canadian P&C insurance industry lends the company more credibility and augments its financial stability since it's less vulnerable to competitors than its smaller counterparts.

The fact that it tripled the investors' money in the last decade through price appreciation alone and offered very consistent growth is why most people are attracted to it. But its dividends are also one of the safest for several reasons, including but not limited to its leadership position in the industry. It has been growing its payouts for the past 17 years and has doubled its payouts since 2014.

This makes the less-than-ideal 2.14% yield attractive, especially with powerful growth potential. The payout ratio is relatively stable and hasn't risen above 60% in the last decade.

A bank stock

When it comes to safe dividend stocks that are also industry leaders, **Royal Bank of Canada** (TSX:RY)(NYSE:RY) is an easy pick. It's not only the leader in the banking sector but also the most valuable company on the TSX.

And the bank's financial stability, which influences its dividends' sustainability, comes from more than just its inherent strengths. It's influenced by the conservative approach of the Canadian banking sector.

And it's not just the safest dividend stock. It offers a healthy mix of dividends and capital-appreciation potential, and you can maximize its overall return potential by buying the dip.

This will allow you to lock in a higher yield, and you may get better returns when the stock first recovers and *then* keep growing upwards. It's discounted right now as well, but there is still a chance to buy it at a more discounted price in the near future.

Foolish takeaway

The safety of the three dividend stocks also comes from their volatility levels. With a beta well below one, all three can be considered low-volatility stocks. And the growth potential the three offer augments the overall return potential and makes them more than just safe dividend stocks.

CATEGORY

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:FTS (Fortis Inc.)
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