2 of the Safest Dividend Stocks on Earth Right Now

Description

Dividend investing, like most investing strategies, is a risk-and-reward affair. It means your money and dividend payments aren't 100% safe. Stock prices drop when the market is declining, while payouts could stop during economic downturns. In today's uncertain market, income investors seek the safest income stocks.

I'm not biased when I say that **Royal Bank of Canada** (TSX:RY)(NYSE:RY) and **BCE** (TSX:BCE)(NYSE:BCE) are the safest dividend stocks on the planet right now. Both are large-cap stocks and industry leaders. Moreover, their dividend track records are more than a century and counting.

Largest TSX company

Canadian big banks will be the focus of investors this week, as they report their Q3 fiscal 2022 results. Market analysts expect the first profit drop since 2020 and higher provision for credit losses (PCLs). For RBC, some analysts say its investment banking unit might take a hit.

Despite the lower profit estimates for the quarter ended July 31, 2022, RBC is a no-brainer investment. The $177.33 billion bank is not only the largest TSX company but also the most valuable and strongest brand in Canada in 2022. At $127.63 per share (-2.3% year to date), the big bank stock pays a 4.01% dividend.

You can't ditch RBC, even if it sacrifices earning for higher PCLs like it did during the COVID year. Expect the bank to emerge stronger after the perfect storm.

"Fat" dividends

BCE, the most dominant player in Canada's telecom realm, is a hands-down choice for its "fat" dividends. The $59.37 billion telecommunications and media company pay a hefty 5.57% dividend. Mirko Bibic, president and chief executive officer (CEO) of BCE and Bell Canada, said, "The Bell team continues to deliver for all the stakeholders we serve."

Bibic added that the excellent results in Q2 2022 are a testament to the significant and unprecedented investments BCE is making in network connectivity, reliability, and fibre footprint expansion. Investors have every reason to be ecstatic about the business performance.

In the said quarter, Bell reported 110,761 total net new postpaid and prepaid mobile phone subscribers. The number is 139.5% higher than in Q2 2021. Its postpaid mobile phone net subscriber activations grew 87.2% year over year to 83,197. According to management, the eight-basis-point improvement in mobile phone customer churn of 0.75% was the best-ever postpaid churn result.

Glen LeBlanc, the group's chief financial officer, said, "Our balance sheet remains very healthy with availability liquidity of $3.1 billion ($596 million in cash) and substantial recurring cash flow as of June 30, 2022." While net earnings in Q2 2022 dropped 10.9% year over year to $654 million versus the same quarter in 2021, free cash flow (FCF) increased 7.1% to $1.33 billion.

For 2022 alone, BCE expects to spend approximately $5 billion on fibre-to-the-home, 5G wireless core networks, ongoing expansion (rural and remote communities). No Canadian telecom firm has an investment of such size in one-year or a three-year cycle.

Lifetime income

RBC and BCE are in a league of their own. No matter how strong the headwinds are, the companies will keep investors whole on dividend payments. More importantly, you can own the dividend stocks for never-ending or lifetime passive income.

CATEGORY

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