2 of the Safest Dividend Stocks to Buy in Canada Right Now

Description

It's been hard to ignore the volatility in the stock market this year. After trading mostly flat through the first few months of 2022, the **S&P/TSX Composite Index** began to spiral out of control from mid-April to mid-July.

We have seen the market rebound impressively well over the past month. However, I'd argue there's still not much reason to believe that volatility will slow down anytime soon.

With both rising interest rates and inflation, there's a lot of uncertainty in the short-term future of the stock market. It's harder than ever to predict short-term movements today, which has been highlighted by the volatility over the past several months.

Unsurprisingly, it's been the high-priced growth stocks that have taken the brunt of the volatility in 2022. Growth investors enjoyed their gains following the COVID-19 market crash. But since the start of the year, we've witnessed the market come back to reality, as valuations have decreased dramatically.

Investing in dividend stocks amid the market's volatility

Despite the rough market conditions, I'm not letting it impact the amount of money I'm putting into the stock market. However, I have changed in recent months how I've been investing that money.

While I still am predominantly a growth investor, I've been loading up on dependable dividend stocks as of late for two reasons.

The first is for passive income. The income generated from dividend stocks can help temporarily offset some of the losses from my growth holdings.

Second, there are plenty of slow-growing Dividend Aristocrats — companies that consistently increase their dividends — to choose from on the **TSX** that can provide a portfolio with defensiveness. And if you're like me, slightly overindexed towards growth stocks, owning a few shares of a couple of dependable blue-chip companies would be an excellent idea.

I've reviewed two dividend-paying companies at the top of my watch list right now. If you're looking to add some passive income to your portfolio, now would be a wise time to start a position in either of these two picks.

Dividend stock #1: Fortis

At a 3.5% dividend yield, **Fortis** (TSX:FTS)(NYSE:FTS) isn't the highest-yielding Dividend Aristocrat on the TSX. It has, however, increased its dividend each year for nearly 50 consecutive years. At that rate, it won't be long before the utility stock is paying a yield that will be hard to match.

Fortis is a top defensive company that you can count on regardless of the economic conditions. As a utility provider, demand tends to remain fairly stable, which leads to predictable earnings. As a result, Fortis shareholders don't need to stress all that much about potential volatility in the stock price, making it the perfect company to own during turbulent market conditions.

Dividend stock #2: Sun Life

Sun Life (TSX:SLF)(NYSE:SLF) is another Dividend Aristocrat operating in an industry where I wouldn't bet on demand slowing anytime soon.

The $35 billion company is a global insurance leader in addition to providing its customers with a range of wealth management services.

As of writing, Sun Life's annual dividend of $2.76 per share is good enough for a yield above 4.5%. There aren't many other Canadian Dividend Aristocrats that can match that yield.

While it may not be the most exciting company to own, it sure is a dependable one. And with a dividend yield like that, this is a can't-miss company for passive-income investors.

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