3 of the Safest Dividend Stocks on Earth Right Now

Description

If you are looking for safety in your investment portfolio, quality dividend stocks are the place to be. Macroeconomic concerns continue to plague the stock market. Fortunately, dividend stocks help provide a tangible cash return, even when the market falls.

Companies with predictable cash flows and attractive dividends tend to outperform in bad markets. If you are looking for some reliable income, here are three of the safest divided stocks you can find right now.

Canadian Utilities: A long-term, dividend-growth stock

Despite beating the **TSX Index** by nearly 20 percentage points in 2022, **Canadian Utilities** (TSX:CU) looks attractive. With a price of $40.63, this stock earns a 4.4% dividend yield. Its quarterly $0.44-per-share dividend is well covered with an 82% payout ratio (the annual dividend rate divided by annual earnings per share).

With a 50-year history of growing its dividend annually, it is a leading Canadian Dividend Aristocrat. CU largely operates regulated transmission utilities, but it also has energy infrastructure and energy retail businesses.

It is currently investing $3.3 billion into its regulated utilities. It expects to grow its rate base by around 2% annually for the next two years. While growth is limited, own this stock for its nice dividend and its safe and sound business model.

Pembina Pipeline: A reliable infrastructure stock

Another safe dividend stock to consider is **Pembina Pipeline** (TSX:PPL)(NYSE:PBA). It operates a diverse array of pipelines, midstream facilities, and natural gas-processing plants. It provides services to Canadian energy companies through almost every part of the natural gas and oil liquids value chain.

Around 85% of its business is contracted, so it consistently earns a reliable baseline of cash flow that supports its dividend. However, when energy prices are high, it can earn an elevated spread when it re-sells its processed products. This has helped support record earnings so far in 2022.

Right now, this dividend stock earns a 5.5% yield. Pembina pays a $0.2175 dividend per share every month. It only has a payout ratio of 90%, so that means its dividend is solid.

It just commenced a new midstream joint venture that is expected to accrete attractive growth opportunities. Likewise, with natural gas in high demand across the world, Pembina should benefit from higher pricing and more infrastructure development in Western Canada.

Brookfield Renewable: A clean energy stock with a growing dividend

Another dividend stock you can rely on for the long term is **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP). This is one of the highest-quality renewable power stocks you can find. It has enviable hydro assets that earn very consistent returns. This is complemented by a fast-growing portfolio of wind, solar, battery, and distributed generation projects around the globe.

Given the global energy crisis, demand for renewable power options should continue to rise for years. Brookfield has a massive 70,000-megawatt development pipeline. This will be funded by internally generated cash flows, $3.9 billion of balance sheet liquidity, and smart institutional partnerships.

Today, BEP stock only pays a 3.26% dividend yield. However, it has a target to grow its distribution by 5-9% annually. So far, it has grown its dividend annually by a 6% compounded growth rate. With an annual total return target of 12-15%, patient shareholders stand to do very well over the long term.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:PPL (Pembina Pipeline Corporation)

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