3 of the Safest TSX Stocks Right Now

Description

Safety is a relative term and a difficult-to-predict trait in a stock. A stock that may be safe for some investors might be too volatile for others. But there are a few stocks that might be considered safe by most standards, and they offer more than just safety. They may also offer relatively modest returns, but you might still see some growth and dividends.

A utility stock

Utility stocks are considered safe because of the underlying business model, which has a predictable revenue model and few risks. And if you invest in a company like **Fortis** (TSX:FTS)(NYSE:FTS) that's just a couple of years away from joining the select group of companies that have grown their dividends for five decades straight (i.e., Dividend Kings), you get even more safety.

Fortis's dividend is rock solid, and the yield is decent at 3.7%. The safety of its dividend comes from more than just its history, as the dividend is backed by a stable payout ratio. And apart from a growing dividend, the company also offers modest capital-appreciation potential. It has grown 72% in the last decade, or roughly 7% yearly, which is more than enough to keep your capital growing ahead of inflation.

A bank stock

Canadian bank stocks are considered safe bets, especially compared to banks across the border, because they have more stringent controls in place. And one of the best and safest bank stocks you can invest in is **Royal Bank of Canada** (TSX:RY)(NYSE:RY). As one of the largest North American banks with a decent international reach, it's a safe financial institution to bet on.

It dominates multiple segments of the Canadian financial market and is quite secure in most of those positions, even from the next largest bank in the country. But its safety is not the only thing that makes it a worthy investment. Its return potential, the combination of dividends and growth, is among the best in the Canadian banking sector. And right now, it's also adequately discounted.

A food retailing and real estate company

Empire Company (TSX:EMP.A) has two different, interdependent business segments. One of them is Sobeys, the second-largest food retailer in the company, which is just as safe a business domain (if not more) as utilities. The second business segment is real estate — a real estate investment trusts (REITs) and a capital-development company. The REIT has Sobeys as its main tenants, and that is where the interdependency comes from.

So, Empire Company has a relatively safe business model. But its stock hasn't been as stable as the other two on this list. It went through a massive correction phase in 2015, but if you consider a long enough time period — i.e., a decade — the growth potential has been decent enough, as it returned over 88% in the last 10 years. It also offers a dividend, and the current yield is 1.8%.

Foolish takeaway

The three blue-chip, large-cap stocks are among the safest investments you can make in the Canadian stock market. All three offer dividends, and all are established aristocrats, so you can expect the income-producing potential of these stocks to grow over time. They also offer some capital-appreciation potential.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:EMP.A (Empire Company Limited)
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