How to Invest in a Plunging Market: Start With These 2 Dividend Stocks

Description

In a plunging market that is showing no signs of relief, investors are undoubtedly wondering how to invest for their future.

There is money to be made in every type of market, even in this one, where pessimism and losses keep mounting.

Here are two things to keep in mind:

- Think defensive. Choose industries that are not economically sensitive — industries that are not affected by rising interest rates, heavy debt loads, or the financial "health" of the consumer.
- Think Income. Focus on dividend income that is safe and backed by strong cash flows — dividends that will provide investors with a yearly return that is predictable and not reliant on stock market sentiment.

The healthcare industry is defensive

As we know, society is facing a rapidly aging population, and as the baby boomers are now between the ages of 54 and 72, we continue to see big demand in products and services for this stage of life.

The healthcare industry includes some stocks with healthy dividend yields.

Without further ado, here are the two high-yield dividend stocks that investors should consider adding to their portfolios.

Northwest Healthcare Properties REIT (TSX:NWH.UN)

With a current dividend yield of 8%, Northwest represents a good opportunity.

The company offers a high-quality global, diversified portfolio of healthcare real estate properties located throughout Canada, Brazil, Germany, Australia, and New Zealand. As such, Northwest stock offers investors exposure to the biggest demographic shift that much of the developed world is facing.

Latest results showed strong net operating income growth of 4% on a constant-currency basis.

The one headwind the company is facing is that rising interest rates will be problematic for its highly levered balance sheet. But healthcare properties generally have stable occupancies and long-term leases, which make the underlying REIT a defensive one that is attractive for long-term investors.

Chartwell Retirement Residences (TSX:CSH.UN)

Chartwell, the largest provider and owner of senior-housing communities from independent living to long-term care, has been benefiting from rising occupancy levels, as an uptick in demand has been accompanied by a stagnant supply of senior housing.

With a 4.23% dividend yield, four consecutive years of cash distribution increases, and a quality portfolio of properties, Chartwell is a solid investment that is well positioned for the future.

In its latest quarter, Chartwell reported a 6% increase in fund from operations, but the real story here is the long-term trend, as a doubling of people over the age of 75 in the next 20 years will provide a big boost to demand.

Going forward, the company has a strong pipeline of opportunities to expand its portfolio of senior-housing developments as well as a plethora of opportunities to continue to expand its support services that are offered in house.

Bottom line

In closing, both these dividend stocks have strong long- and short-term fundamentals, little economic sensitivity, and definite staying power — the answer to investors who are asking how to invest in this plunging market.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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