Dividend Investors: A Top TSX Index Stock to Own During a Market Correction

Description

The trade dispute between the United States and China appears to be far from resolution, and that is starting to have a negative impact on the markets.

This shouldn't be a surprise to investors. In fact, the longer the battle goes on and the more heated the rhetoric gets, traders are likely to become increasingly nervous, and we could see a sharp dip in the equity markets as a result. Any panic selling should be viewed as a buying opportunity for investors with long-term horizons for their portfolios.

That said, it is advisable to put money to work in stable dividend stocks that have demonstrated track records of revenue and earnings growth, as opposed to trying to catch a bottom on some of the hot tech or cannabis names that have seen valuations soar yet are not making any money. When the market rolls over, stocks in the "high valuation, no profits" category often get crushed and some don't recover.

With this thought in mind, let's take a look at one stock that might be an interesting pick to ride out a market pullback.

Telus (TSX:T)(NYSE:TU)

Telus is a leading player in the Canadian communications industry with wireless and wireline networks delivering mobile, internet, and TV services to residential and commercial clients across the country.

Telus is adding new clients at a steady rate, and part of that success is likely due to a serious focus on customer satisfaction. The company regularly reports the industry's lowest postpaid mobile churn rate, and customers are paying more per month every year.

Telus also has a growing health division that could deliver significant revenue expansion in the coming years. Telus Health provides digital solutions to hospitals, insurance companies, and doctors. The health industry is widely viewed as being one of the next big sectors to be transformed by digital innovation, and Telus is leading the way in Canada.

Market chaos might actually be positive for this stock. Fear in the global financial sector is driving up demand for government bonds, which reduces yields. This can push some investors to shift out of lower-yield investments and into reliable dividend stocks.

Telus has a strong track record of boosting its payout, and that trend should continue, especially now that free cash flow is improving after the company passed the peak of its recent capital program. Investors who buy today can pick up a yield of 4.5% and not worry too much about the global financial circus.

The bottom line

Telus tends to hold up well when the broader market takes a hit, and any pullback in the stock price should be viewed as an opportunity to add to the position.

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