



Worried About a Market Crash? Here Are 2 Dividend Stocks to Help You Sleep at Night!

Description

The **TSX Index** pulled back 1.6% on Monday, taking on less than half the amount of damage relative to the **Dow Jones Industrial Average**, which fell 3.6%, marking the third-largest daily point decline in its history.

It's times like these (as the sky is falling) when it's better to be a Canadian investor given the potential for dampened downside relative to the U.S. indices. The TSX Index has been a laggard over the last decade, but as a result, it's also the much cheaper index with less to give back, as investors across the globe rush to hit the panic button.

With some pundits calling for a more substantial decline in the global markets over the coming weeks, it makes sense to take a bit of risk off the table if you haven't done so already by investing in some of Canada's lowly-correlated dividend stocks. Violent growth-to-value rotations happen every so often, so it's prudent to check in with your portfolio to make sure you're not at risk of being caught offside with an overweighting in higher-beta plays that could take on more damage in the event of a correction.

In this piece, we'll have a look at two Canadian dividend stocks that rallied when the markets collapsed on Monday. It'll be these low-beta defensives that can buoy your portfolio through the worst of times, so you'll be less likely to become fearful at a time when you should be greedy.

Consider **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) and **Northland Power** ([TSX:NPI](#)), two stocks in the green on Monday, while most other stocks were in a sea of red.

Fortis

Fortis is a dull stock that I've often referred to as the [epitome of a bond proxy](#). The company has regulated operations that make for a robust cash flow stream that's as stable as they come in the world of equities. With Fortis, you're not going to get any surprises, and it's this degree of cash flow predictability that's highly sought after when stocks inevitably fall into a tailspin.

You're getting mid-single-digit growth on a dividend that yields 3.3%. The growth and yield are nothing to write home about. However, when you consider the downside protection to be had from the name, it becomes more apparent that Fortis's business is worth a heck of a lot more than its sticker price in an era of rock-bottom interest rates.

Fortis may not be a stock to brag about at the workplace watercooler, but at least it's a business that won't cause you to lose sleep when the market waters get rougher. Predictability through any environment is what you're paying up for with Fortis, and with far less downside potential relative to your average stock, I like to see shares of Fortis as an insurance policy for when the bull market finally loses its legs.

Northland Power

Northland Power is a green energy producer that remains one of the cheapest ways to gain exposure to the tailwind-filled renewable energy space. The company owns and operates around 2.4 gigawatts of power-producing assets worldwide, with 60% and 40% of sales being derived from Europe and Canada, respectively.

Of late, the price of admission to the renewables has skyrocketed. And while Northland stock has been red hot with the stock rising over 20% thus far in 2020, its stock still seems considerably cheaper relative to many of its peers.

At the time of writing, NPI stock trades at 16.1 times next year's expected earnings and 3.8 times sales. With a 0.68 five-year beta, NPI is also more likely to continue going strong when the broader markets move into a sustained downturn. The 3.7% yield isn't as bountiful as it was when I originally [pounded the table on the stock](#), but it's still a terrific value in today's "risk-on" market.

Stay hungry. Stay Foolish.

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2. TSX:FTS (Fortis Inc.)
3. TSX:NPI (Northland Power Inc.)

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