2020 Market Crash: 2 Top TSX Dividend Stocks to Consider Right Now

Description

The equity markets are trading in the red this week after enjoying solid gains in the last year. Major indexes such as the Dow Jones Industrial Average and the S&P 500 have declined over 6% in the last two trading days.

The fears of the dreaded coronavirus have spooked investors, who are now booking profits and may shift investments to safer havens such as gold or bonds. However, a market sell-off provides an opportunity for contrarian as well as income investors.

Soon after a sell-off, stocks trade at attractive valuations while dividend yields rise higher, as they are inversely related to the stock price. As Warren Buffett, also known as the Oracle of Omaha, famously said, “It is wise to be fearful when others are greedy and greedy when others are fearful.”

Here we look at two Canadian dividend-paying stocks for your portfolio.

Fortis is a top defensive bet

Utility companies like **Fortis** (TSX:FTS)(NYSE:FTS) are safe defensive bets. These companies tend to hold their own in a recession as regulated operations result in stable cash flows.

While broader markets are under pressure this week, Fortis stock has been flat in the last two trading days. In the last 12 months, Fortis stock has returned 24% compared to the S&P 500 gains of 15.5%.

Fortis is an electric gas and utility holding company. It generates 52% of sales from the United States, 37.7% of sales from Canada, and the rest from international markets. The company also has a forward dividend yield of 3.3%, and with a payout ratio of less than 50%, it has enough room to increase these payments.

Fortis stock has a beta of 0.15, making it one of the least-volatile stocks on the index. It has a price-to-sales ratio of three and an enterprise value-to-EBITDA ratio of 13.9, making it an expensive buy considering its growth metrics.

In 2020, analysts expect Fortis to post sales of $9.44 billion, up 7.5% year over year compared to sales of $8.78 billion in 2019. Sales growth is estimated at 3.5% for 2021. Comparatively, its earnings are estimated to rise by 4.3% in 2020 and 6.4% in 2021.

Northwest Healthcare Properties

Northwest Healthcare Properties (TSX:NWH.UN) is an open-ended real estate investment trust (REIT). It invests in healthcare real estate across the globe and has a diversified portfolio of properties. This REIT generates 34% of sales from Canada and close to 40% of sales from the Australasia region. The other two major markets include Brazil (14.5%) and Europe (9.8%).

The company aims to capitalize on internal growth and seek accretive real estate acquisition opportunities in target markets. Healthcare is a critical component of a well-oiled economy, making Northwest Healthcare one of the most attractive REITs.

Northwest has a domestic occupancy rate of 96%, while in international markets the occupancy rate is 98%. The company’s net operating income is indexed to inflation, which results in constant organic growth.

Northwest acquired 11 medical properties in Australia for $1.2 billion. It has also pumped in $3 billion in a European joint venture to expand presence in Germany and Netherlands. These acquisitions will help Northwest increase revenue from $350 million in 2018 to over $400 million in 2021.

In the last five years, shares are up almost 30%. Further, it also has a tasty dividend yield of 6%, making it an attractive pick for income investors.

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Date
2025/07/06
Date Created
2020/02/26
Author
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