



A Top Canadian Stock to Seek Shelter Amid Coronavirus-Induced Market Crash

Description

Which stocks offer shelter when people are scared and there is too much uncertainty in the air?

This is quite a common dilemma faced by many retail investors when the economy starts showing signs of weakness. But there are many stocks [positioned to outperform](#) when everything is becoming risky.

Atop that list are the companies providing services that you can't afford to lose, such as power and gas, water, and your internet connection.

More important, demand doesn't drive their near-term earnings, as regulators set an allowed return on investment. Also, people don't invest in their stocks on the promise of high growth; it's more the sense that their earnings will be resilient to whatever is coming on the coronavirus front.

There is no doubt that the Canadian economy will take a hit from the deadly coronavirus, which is slowing economic activity globally and disrupting supply chains. The **S&P/TSX Composite Index** lost this year's gain in just four days of trading — it's down 0.1% in 2020.

Amid this environment of uncertainty, it's important for investors to buy some solid dividend-paying stocks that provide regular income and possess the ability to outperform the market over the long run.

Many utilities, such as telecom companies, pay regularly growing dividends, allowing their investors to earn a bond-like income even if the share prices don't appreciate much.

A Canadian defensive stock

With low interest rates making bonds themselves less attractive, utility stocks have become more attractive. Among the utility stocks in Canada, the nation's largest telecom operator, **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) has become attractive after the recent sell-off.

The company's leading position in the industry means that it has more strength to sustain the weakness in the economy.

The company is spending billions of dollars to improve its network and get ready for the rollout of fifth-generation services. Earlier this month, BCE announced that signed an agreement to start using **Nokia** equipment to build out its Canadian 5G network.

According to BCE, the 5G rollout will begin in urban centres across Canada as new smartphones equipped with 5G technology enter the market later this year.

BCE also announced that it would raise its dividend by approximately 5% as its profitability improves. For the fourth quarter, earnings grew more than 10% compared to a year ago.

The quarterly dividend, which was previously at \$0.7925 per share, rose to \$0.8325 per share after the hike. Overall, BCE's operating income rose 5% to \$6.32 billion than the previous quarter, driven primarily by the company's wireless and media divisions.

Bottom line

Trading at \$61.69 at writing, BCE stock is yielding 5.29% annually, a quite attractive return when compared to sinking bond yields. There is no guarantee, however, that BCE stock won't fall in this market correction, but there is a good possibility that it will perform better than the benchmark due to its defensive nature.

Investors can wait and enter the trade when a major correction has taken place.

CATEGORY

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2. TSX:BCE (BCE Inc.)

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