Buy This 1 TSX Dividend Growth Stock to Beat a Market Crash

Description

Defensive stocks are the order of the day. That was the takeaway midweek as the markets began to exhibit the resilience of the record bull run that investors are still riding out even amid ratcheting risk.

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Scouring the markets for what was on the rise showed a worrying trend, with names like **Clorox** and **Campbell Soup Company** seeing gains. Why these names?

Sanitation and canned goods are clearly part of an emerging coronavirus investment strategy. But with value opportunities everywhere, contrarians have some even better options.

With Jim Cramer decrying the lost opportunity to contain the coronavirus amid a potentially worsening outlook for the markets, investors nevertheless need to weigh their appetite for risk with the level at which they are invested. Cramer began the week advising investors to buy, trim, or hold, depending on whether they were already invested.

What to buy to beat the crash

The **Dow Jones Industrial Average** tumbled 1,000 points Monday and dipped a further 800 Tuesday before beginning to recover mid-week. Somewhat more resilient for the time being was the TSX at the start of the week, down 280 points Monday as Canadians reacted to the developing situation.

Contrarians and value investors alike therefore have a strong case for buying quality TSX stocks with lower market fundamentals, but should stick to blue-chip companies with a defensive bent.

Fortis, **Canadian Apartment REIT**, **Park Lawn**, **Maple Leaf Foods**, **CN Rail**, and to a lesser extent (given their cyclicity) the Big Five lenders all make solid defensive stock choices, while dividend gold stocks like **Newmont** are also strong.

For access to a wide-moat insurer, sometimes overlooked in favour of big-name bank stocks, a safe stock for defensive dividend growth like **Manulife Financial** (TSX:MFC)(NYSE:MFC) is an especially strong play at the moment.

At a glance, top Canadian insurer Manulife makes for an overall healthy stock with a strong track record, attractive market ratios, and a well-covered dividend that's currently yielding 4.2%.

With a payout ratio of 36%, there's a lot of potential for this recession-resistant stock to increase its dividends. The wide-moat insurer is active in financial services across North America, Asia, and beyond.

Manulife's earnings grew by 17% in the past 12 months and are projected to grow by around 9% annually, which should further reassure the casual low-risk investor seeking insulation from market forces.

Selling for less than half its fair value, there's also scope here for some decent capital gains. Indeed, by the middle of the decade, investors in this popular stock should expect to see total returns in the region of 45%. For a mix of low risk and high returns, Manulife is a strong buy.

The bottom line

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With a sell-off underway, it's time to lighten up on some of the most at-risk names in a stock portfolio. But there is also scope for buying, with value opportunities scattered across the TSX.

With contrarian openings likely to develop further, now that investors have finally woken up to the risk inherent in the markets, the time to start shopping has arrived.

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