



3 “Risk-Off” Dividend Stocks You Won’t Regret Buying Amid the Correction

Description

It’s [never too late](#) to play defence, even after the [vicious 12% correction](#) in the U.S. markets.

Like in sports, defence is capable of winning championships, and given the stocks of many “Steady Eddie” defensive dividend stocks (or bond proxies) have failed to hold their own over the past week anyway, it may make sense to grab your favourite defensives at a nice discount if you’re ready to take some risk off the table heading into what could be the end of one the longest bull markets.

Without further ado, consider the following dipped defensive plays to batten down the hatches of your portfolio.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a prime example of stock you’d want to own if you think the world is going to end. As the global markets look to flirt with bear market territory, it’d only make sense that the price of admission to such a high-quality bond proxy would go up, not down. But that’s the kind of panic-driven market we find ourselves in right now. Not even Fortis, a business that some consider a best-in-breed bond proxy, is immune to the recent correction.

As you may remember, during the Financial Crisis, Fortis stock still fell but to a lesser degree, and the stock was quick to bounce back when investors came to their senses. While it’s good to hope for the best, sometimes you’ve just got to prepare for the worst, and that’s why you’d be wise to buy Fortis if you don’t already have a defensive foundation.

At the time of writing, Fortis shares are down 3.5% in a week, and as the TSX halt is lifted, we could see the robust bond proxy down at a 5% discount.

Algonquin Power & Utilities

Up next, we have renewable energy kingpin **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)),

which tumbled 6% on the week. The 3.5%-yielding company has stable cash flow-generative projects that could fuel many years worth of double-digit revenue growth. Moreover, with the “green tailwind” to its back, Algonquin is able to get projects up and running a lot quicker than many other firms that may have more hurdles to pass.

After the modest pullback, which is in line with the drop in the **TSX Index**, the stock trades at 19.8 times trailing earnings, 2.5 times book, and 4.7 times sales. It’s hardly a cheap stock, but given Algonquin is a growthy (and stable) business that doesn’t depend on the outcome of exogenous events that have been troubling the broader markets, I’d say any dip in Algonquin is a buyable dip.

Hydro One

Finally, we have **Hydro One** ([TSX:H](#)), quite possibly the “most secure” utility stock on this list. The company has a virtual monopoly over Ontario’s transmission lines, and although growth will be hard to come by, the company is still sought after in the face of a recession. The company will still collect its monthly dues from its customers, regardless of what ends up happening to the domestic or global economy.

Hydro One has a ridiculously low 0.14 beta and is less likely to fall at the same magnitude of the broader markets given the highly regulated nature of its operations. Despite the recession-resilient nature of the company, shares are still down nearly 6% for the week.

At 21.8 times trailing earnings and 2.6 times sales, Hydro One is hardly a cheap stock given its lacklustre growth profile, but given the hunt for yield is getting tougher, with bond yields continuing to plunge in the flight to safety, I’d say the premium is well worth the price of admission.

I guess you could say Hydro One is one of those stocks that can buoy your portfolio and stop you from downing when the market waters start getting really rough!

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:FTS (Fortis Inc.)
5. TSX:H (Hydro One Limited)

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