COVID-19 Crash: 2 Dividend Aristocrats I'd Buy Now

Description

The COVID-19 crash has left Canadians in a terrible spot. The loonie has depreciated substantially over the oil price war and downward pressure on interest rates as a result of the looming coronavirus-driven recession. With safe havens like bonds, gold, and REITs suffering from dried up liquidity, it's clear there are few 100% safe places to hide your wealth other than cold, hard cash.

If you've got cash in hand and want to take advantage of the opportunities that have opened up, consider the following three discounted dividend stocks.

Fortis: COVID-19 crash safety play

Fortis (TSX:FTS)(NYSE:FTS) is a go-to defensive dividend stock that you can rely on when the waters become rougher. When a crisis hits, everything has the potential to go down. Even Fortis stock. The only difference is that Fortis is going to be rolling with the punches, rewarding investors with big dividend hikes at times when dividend cuts have become the norm.

The company's regulated cash flow streams are unrivaled. And going into recession, the price of admission to the name, I believe, will eventually go up once the initial wave of panic wears off. Fortis will take on limited damage, but nonetheless, it's undeserved damage. As such, investors would be wise to buy the stock and hold it through what could be a tough next few years.

The way I see it, it's far better to pick up a nickel in a safe spot than attempt to pick up a quarter that's in front of a steamroller.

Bank of Montreal: COVID-19 crash deep-value play

Bank of Montreal (TSX:BMO)(NYSE:BMO) has taken on a brunt of the damage amid the COVID-19 crash. The Dividend Aristocrat has raised its dividend through the worst of times and will continue to do so over the year ahead, no matter how bad things get for Canada's banks.

BMO has more oil and gas loans than some of its peers in the Big Six. And that's a significant reason why the stock has led the latest downward charge. While BMO could be in a spot for more bad loans amid an already vicious credit downturn that's since been exacerbated, I see compelling value relative to other banks in the space.

Sure, BMO may have more oil and gas loans, but not that much more than the average! However, the discount that's now been applied to shares is excessive and seems to ignore the restructuring efforts and progress with the firm's wealth management division.

In times like these, nobody cares about positives. And that's an opportunity for contrarians looking to lock in a safe and massive yield. BMO stock sports a 7% yield at less than seven times trailing earnings. That's a bargain that your future self will thank you for when the COVID-19 crash is finally in the rear-view mirror.

Foolish takeaway

There's no question that the pandemic has rattled many investors. The bank stocks seem uninvestable, and even a safe haven like Fortis isn't looking too safe. But for those willing to be greedy while others are fearful, there are outsized rewards to be had over the long run.

As someone wise once said, "this too shall pass."

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