2 Dividend Stocks to Buy During the Market Crash

Description

Dividend stocks can protect your portfolio from the market crash. These companies deliver a regular stream of income that can be crucial during a bear market. You can use the cash dividends to supplement your income, or you can redirect the capital to buy *even more* stock.

Dividend stocks aren't foolproof. Many companies masquerade as reliable dividend payors when times are good. But during a market crash, the payout vanishes.

The goal should be to find dividend stocks that can deliver a regular stream of income *regardless* of what happens with the global economy. The following two picks have a proven history of doing just that.

Never sell this stock

Brookfield Renewable Partners LP (TSX:BEP.UN)(NYSE:BEP) is a stock you want to own for the next 30 years. It's also the perfect stock for a market crash.

As its name suggests, Brookfield is a renewable energy company. It owns renewable energy assets around the globe. Its 18,900 megawatts of capacity includes solar, wind, hydro, and battery storage facilities.

Renewable energy assets produce — you guessed it — renewable energy. That energy is critical to the communities that buy it. That's why entire regions commit to multi-decade contracts that ensure they get access to the energy production.

For example, Brookfield recently purchased $1.2 billion of solar and wind assets in Spain that have 100% contracted cash flows. Highly visible cash flows like this help support a 6% dividend — a payout that has grown every year since the company was founded.

The best news as that the renewable energy boom has just begun. Over the last five years, $1.5 trillion has been invested worldwide in renewable energy assets. Over the next five years, $5 trillion is expected to be invested. The next decade should bring in another $10 trillion.

Brookfield stock can deliver a rock-solid 6% yield throughout the market crash. Long-term growth will be icing on the cake.

Market crash safety

Canadian Utilities Limited (TSX:CU) is yet another example of a bulletproof business. There are few other stocks I'd want to own during a market crash.

Like Brookfield Renewable, Canadian Utilities is focused on low emission fuel sources. Around 75% of its energy comes from natural gas, with the remaining 25% coming from hydro. It also focuses on projects with high cash flow visibility. Roughly 90% of its portfolio is underpinned by long-term contracts.

If you want to understand just how reliable this company is, just look at its dividend history. Canadian Utilities has raised its dividend for 48 consecutive years — the longest uninterrupted streak of dividend increases in Canadian history.

Following the market crash, the dividend yield has risen to 5.2%. But if previous downturns are any indication, Canadian Utilities will emerge unscathed.

During the latest financial crisis, for example, Canadian Utilities stock outperformed the market by double-digits. At the start of 2008, just before the volatility began, Canadian Utilities stock was priced at $24. By the end of 2010, shares had surpassed $27. And don't forget that dividends continued the entire time!

Throughout one of the worst market crashes in history, Canadian Utilities shareholders generated positive annual returns of around 7%.

While there are dozens of other deals worth pursuing right now, Canadian Utilities is simply the best dividend stock you can own during a bear market.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:CU (Canadian Utilities Limited)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date
2025/08/25
Date Created
2020/03/28
Author
rvanzo