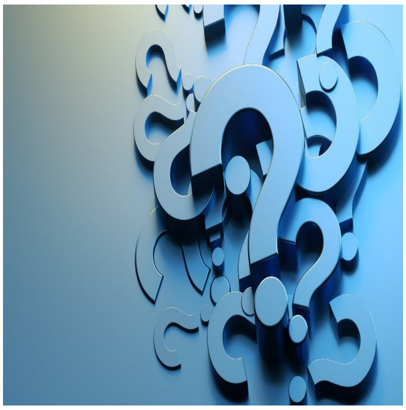

Dividend Safety: Which Stocks to Buy During the Coronavirus Market Crash?

**Description**

What Canadians need now is a rainy day fund. Indeed, it's what our entire country needs. But the average Canadian investor is in a once-in-a-lifetime position to start a portfolio built of dividend safety. The reset button has been pushed on the markets. Stocks are as cheap as they've been in a generation. There are a few ways to play every stock market crisis, so let's take a look.



## Stick with top-tier names for dividend safety

Investors would be wise not to try to time the bottom of the market. The situation presented by the spread of COVID-19 is unprecedented, after all. Forget myopia – the market is not at risk of shortsightedness so much as blindness. Nevertheless, it seems safe to assume that the markets are sitting on the edge of a cliff.

Casual Canadian cannabis investors may be tempted by highly diversified indexes. Such stocks certainly have their fans. But this is a stock-picker's market. Indexing is all well and good for a tough, established market in the middle of a bull run. This market is being pulled down by underperforming sectors, though. That's why it pays to select only the best TSX stocks.

The best Canadian gold stocks can beat a recession. They could potentially even outrun a repeat of the Great Depression. Names like **CN Rail** and **Fortis** are also low-risk plays for buy-and-hold dividend safety right now.

CN Rail is strongly diversified, and also serves as a low-exposure alternative to risky oil stocks. Fortis, on the other hand, is a strong buy that focuses on the defensive nature of utilities.

## Be prepared for dividend suspension

**TD Bank** is, in normal circumstances, a reliable stock for dividend safety. But take a look across the pond. European banks are starting to think about suspending dividends and buybacks. This will better allow those banks to navigate the coming economic storm. What if Canadian banks follow suit? Shares in the Big Five would tank.

A dire situation, no doubt. But this would be a value opportunist's dream. Stock markets recover in time, and so do dividends. That's a major truism of stock investing.

And TD Bank, arguably the most strategically significant of Canadian banks, would recover in time, too. Don't try to time the market, because the current situation is unreadable. But do get ready to buy strategically if this name weakens.

It's easy to get nervous looking at even the biggest hydrocarbon energy stocks right now. Oil and gas stocks are strongly correlated with the global economy. But they've also been facing headwinds for some time.

Oil came into the war with COVID-19 already limping. The sector's ability to pay dividends is also weakened by the coronavirus crisis, at least for the short-term.

## The bottom line

Now is a good time to starting making that wish-list of must-have beaten-up names. However, investors need to be discerning. Not all cheap stocks are a buy. Many are falling knives.

Canadian investors looking for dividend safety should instead stick with blue-chip names like TD Bank, Fortis, and CN Rail.



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