



Coronavirus Selloff: Why This Dividend Stock Is Massively Outperforming the Market

Description

The coronavirus selloff has wreaked havoc on investors' portfolios. But throughout this, we have seen some standouts that are outperforming. **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)), for example, has massively outperformed the market in March and year to date.

TC Energy is a [dividend stock that offers investors many characteristics that we should be looking for in today's difficult markets](#). This is why the stock has outperformed so massively year to date.

A dividend stock that is massively outperforming the market in this coronavirus selloff

I think it would be fair to say that even before this all started, many of us were expecting a selloff in the markets that had continued to flirt with all-time highs. But nobody expected this coronavirus selloff. So, this has become the [new reality of wealth destruction](#). In this environment, the importance of finding the outperformers is even more pronounced. Thankfully, we do have some standouts. We are seeing bright spots that are offering investors somewhat of a shelter.

Bright spots such as TC Energy. TC Energy stock price lost 10.6% of its value in March, which is not great, of course. But this significantly outperformed the S&P/TSX Composite Index, which lost 17.7%. Year to date, TC Energy fell 9.6%, while the TSX Composite Index fell 21.6%. That's certainly a pretty impressive outperformance.

TC Energy stock weathers the coronavirus selloff with its highly visible business

TC Energy's business is an essential one. Its assets include 93,300 kilometres of natural gas pipelines, 4,900 kilometres of oil pipelines, gas storage, and 6,000 megawatts of power generation. This strategic footprint is invaluable, offering a lifeline today with strong growth prospects for tomorrow.

TC Energy's business is a highly defensive and visible one. This is because 90-95% of TC Energy's EBITDA is regulated or under contract. This results in a utility-like stock, and as we know, utility stocks are famous for their predictability and security. All of this means that it is highly unlikely that the dividend will be cut. And the dividend income is a big part of the story of TC Energy. With its dividend yield of 5.5% today, investors get a pretty low risk and generous return with dividend income alone.

With a well-managed debt balance and a self-funded capital-expenditure model, I see TC Energy stock as increasingly attractive today. To top this all off, the dividend yield of 5.5% should provide added comfort to investors.

Foolish bottom line

So far, the coronavirus selloff has resulted in 2020 being a year of huge wealth destruction anyway you look at it. Today, I am here to tell you that it is time to look ahead. Stock markets trade based on outlooks, not based on the past. It seems pretty clear that the markets are pricing in much of the bad news. So now, despite the continued uncertainty, let's look to the stocks that will be best suited for investors to make some huge gains when this is all over.

TC Energy stock price is trading at levels that appear to be discounting more bad news than will actually materialize for the company. Yes, the shutdown due to the coronavirus will have broad, far-reaching negative consequences. Yes, investors are in for continued volatility. And yes, a lot of wealth may continue to be lost. But at the end of the day, it is companies like TC Energy that will lead us out of this crisis. When that time comes, we would all be grateful if we reached for TC Energy stock today.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:TRP (TC Energy Corporation)

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