Follow Warren Buffett and Buy Top-Quality Dividend Stocks Right Now!

Description

When the markets are volatile, it makes sense to bet on companies that have a strong balance sheet, robust cash flows, and a huge market presence. Warren Buffett once said, “It’s far better to own a great company at a fair price than a fair company at a great price.”

This strategy has made the Oracle of Omaha one of the wealthiest people on earth. While we know that Warren Buffett’s **Berkshire Hathaway** had a massive cash balance of US$128 billion at the end of December 2019, Buffett will soon be buying companies he considers to be undervalued.

The current market crash has given investors an opportunity to buy large-cap companies at lower valuations. You need to invest in high-quality companies that pay dividends, as it will also result in a passive stream of income. The bond yields are at record lows, which makes the current bear market attractive.

Telecom is a recession-proof industry

Investors right now need to consider defensive stocks such as **BCE** (TSX:BCE)(NYSE:BCE). The stock is currently trading at $55.3, which is 15.5% below its 52-week high. The telecom giant is one of the most reliable picks and has managed to outperform the ongoing bear market.

The pullback in stock price has increased BCE’s forward yield to 6%, which means a $50,000 investment in the company will result in annual dividends of $3,000. Telecom is largely recession-proof, as people are unlikely to give up their mobile connection.

In fact, as people are staying at home, BCE has experienced a 60% surge in its home internet services. The company’s cash flow should not take a massive hit in these turbulent times, which will help it sustain dividend payments. Earlier this year, BCE increased dividends by 5% and has increased payouts for three consecutive years.

The upcoming transition to 5G will be a key driver of top-line growth, making it one of the top picks for defensive investors.

A utility giant to hedge against an economic downturn

There are chances that the COVID-19 pandemic will drive economies into a recession. Consumer demand has plummeted all around the world, which will drag the global GDP lower. A few economists believe the current environment is worse than the financial collapse of 2008-09.

In these uncertain times, investors can consider utility companies such as **Fortis** (TSX:FTS)(NYSE:FTS). Fortis stock is currently trading at $51, which is 14% below its 52-week high. It has a forward yield of 3.8%. The company has increased dividend payments at an annual rate of 4.8% in the last three years.

Fortis has a customer base of 2.5 million and is one of the largest utility companies in North America. The company's expanding profit margins and reasonable payout ratio help it sustain dividend payments even in a downturn. Utility spending is one of the basic necessities, making Fortis a good bet in the current environment.

There are several other high-quality recession-proof stocks that can be considered by investors, including grocery giants such as **Metro** and **Loblaw.** Warren Buffett owns such companies, including **Costco** and **Kroger**.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Tech Stocks

Tags

1. Editor's Choice

Date
2025/08/18
Date Created
2020/04/03
Author
araghunath