Market Crash: 3 Dividend Stocks That Are Obvious Buys Today

Description

There might not be an ironclad way to diversify your portfolio against every eventuality. While almost every market crash has similar repercussions, no two market crashes are exactly the same. Therefore, no matter how much you diversify, you might have to absorb some of the blows that a market crash throws at you.

In order to keep your hopes realistic, don't view diversification as an impenetrable force field. Instead, think of it as an armor that takes the beating and absorbs most of the blows, so the assets inside stay relatively safe.

Investing in dividend stocks, especially in dependable dividend-paying companies, is an even better strategy because you can be relatively sure about your cash flows, even during market crashes.

A retail company

Many businesses that depend upon frequent shoppers suffered a lot due to isolation and lockdowns. But **Loblaw** (TSX:L), as an essential business, is thriving on an ever-present demand for food and medicine.

People are stocking up even more than usual, as they are unsure how long the pandemic will continue. This high-demand situation has allowed Loblaw stock to bounce back faster than most other stocks on the **TSX**.

Even when the whole stock market crashed, Loblaw fell by about 17% from its yearly-high value. Now, just three weeks later, the company is trading at about 8% more than its value at the start of the year.

Loblaw is also a Dividend Aristocrat with a modest payout increasing pace (26% since 2016). It's also a decent growth stock that, despite the market crash, has displayed a three-year CAGR of 10.2%.

A service company

WSP Global (TSX:WSP) is a Montreal-based consulting company that provides engineering solutions to a wide variety of clients. The company has a decent portfolio of projects under its belt and a futuristic approach.

Also, exposure to complex problems in a wide variety of industries and sectors gives companies like WSP an inherent edge, as these companies have a much broader view of the market and business landscape.

WSP doesn't increase its dividends, but it has a consistent history of payouts. It has been paying $0.375 per share to its investors for at least five years, which translates to an unflattering yield of 1.77%.

But WSP lacks an edge when it comes to growth. The company's five-year returns are over 123%. Currently, it's trading at $84 per share, a 12% discount from its pre-crash price.

A power generation company

Capital Power (TSX:CPX) is another Dividend Aristocrat and a diversified power generation company. It owns wind farms, natural-gas power plants, solid-fuel, and solar-based power generation plants. The company is focused on sustainable and renewable resources.

It's one of the stocks that still haven't recovered much from the fall. Currently, the company is trading at a price that's 26% down from what it was trading before the crash. Consequently, it's offering a very juicy yield of 7%.

Foolish takeaway

All three companies mentioned above are from different sectors. Each company absorbed the market crash a bit differently from the others. This might give you an idea about each stock's resilience against the market crash, and how they may behave in future economic downturns.

One good thing is that none of the companies slashed or stopped their dividends.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:CPX (Capital Power Corporation)
2. TSX:L (Loblaw Companies Limited)
3. TSX:WSP (WSP Global)

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