3 Pandemic-Proof Dividend Stocks to Hold Forever

Description

Canadians stocks were in the throes of one of the worst market retreats in a decade in the month of March. At the time, I'd suggested that investors should retreat to defensive stocks. Nearly every sector has been impacted in some way by the COVID-19 pandemic. However, companies that cover essential services have been able to provide stability for investors while also doing the heavy lifting on the ground. Today, I want to look at three dividend stocks that have proven to be pandemic proof.

Two dividend stocks in grocery retail

Grocery retailers have played a vital role during this crisis. These dividend stocks have offered stability for investors in the spring. Investors have been more willing to take on risk, which may have pushed defensive stocks out of favour. However, the economic consequences of the lockdowns are just beginning to reveal themselves. Foolish readers should brace for more volatility in the near term.

Loblaw (TSX:L) is the largest food retailer in Canada. Its shares have been practically static in 2020 as of close on May 21. This dividend stock has dropped 8.3% month over month in the face of a broader market rally. Loblaw released its first-quarter 2020 results on April 29.

Revenue increased 10.7% year over year to $11.8 billion. The company reported food retail same-store sales growth of 9.6% and drug retail same-store sales growth of 10.7%. Adjusted net earnings climbed 21.4% from the prior year to $352 million. Meanwhile, adjusted EBITDA rose 12.4% to $1.17 billion. Overall, it was a very strong quarter for the grocery retail giant.

Shares of Loblaw last had a price-to-earnings ratio of 22 and a price-to-book value of 2.1. This is in favourable territory relative to industry peers. It declared a quarterly dividend of $0.315 per share, representing a 1.9% yield.

Metro is a Montreal-based grocery retailer with a large footprint in the province of Quebec. The dividend stock has climbed 6.5% in 2020 so far. In its Q2 2020 report, Metro revealed sales growth of 7.8% to $3.98 billion. Food same-store sales increased 9.7% and pharmacy same-store sales were up 7.9%. Metro announced a quarterly distribution of $0.225 per share — up 12.5% from the prior year.

This represents a modest 1.4% yield.

The ultimate utility on the TSX

Utilities have also provided essential services, as Canadians have been forced to retreat to their homes for the entire spring season so far. **Fortis** (TSX:FTS)(NYSE:FTS) is a St. John's-based utility holding company. As far as dividend stocks go, this is an elite option on the TSX.

Shares of Fortis have dropped 5.2% in 2020 as of close on May 21. The stock has declined 13% over the past three months. This is a great opportunity for investors to add this utility at a discount. Fortis's rate base is set to post strong growth on the back of its $18.8 billion five-year capital-expenditure plan. This plan has remained unchanged in the face of the COVID-19 pandemic.

Fortis last paid out a quarterly dividend of $0.4775 per share. This represents a 3.8% yield. Fortis has achieved dividend growth for over 45 consecutive years. This utility remains one of my top dividend stocks on the TSX.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:L (Loblaw Companies Limited)

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Dividend Stocks
3. Investing

Date
2025/08/25
Date Created
2020/05/22
Author
aocallaghan