TSX Market Crash: Buy These 3 Defensive Stocks to Protect Your Portfolio

Description

The **S&P/TSX Composite Index** was down over 570 points in early afternoon trading on June 11. United States indices also suffered sharp retreats after a grim economic outlook was released by the Federal Reserve. Investors have feasted off the post-March rebound. However, now may be a good time to play defense.

Today, I want to look at three dividend stocks that could offer some protection if we are faced with another market crash.

Market crash: This utility has been dependable for decades

Fortis (TSX:FTS)(NYSE:FTS) was one of the first stocks I'd targeted when turbulence hit in late 2018. Shares of the St. John's-based utility were down 2.7% at the time of this writing. The stock is still up in the year-over-year period.

It reported first quarter net earnings of $312 million or $0.67 per share compared to net earnings of $311 million or $0.72 per share in the prior year. Most important, the company has maintained its guidance which includes an ambitious five-year capital plan of $18.8 billion.

This capital plan is designed to power huge growth in Fortis' rate base through 2024. The company projects that this will support annual dividend growth of 6% through this forecast period. Fortis has already delivered 47 consecutive years of dividend increases.

This utility is still a great option as investors are faced with another potential market crash. Shares last had a favourable price-to-earnings ratio of 13 and a price-to-book value of 1.3. Fortis offers a quarterly dividend of $0.4775 per share, representing a 3.6% yield.

Dollarama has been a solid hold in 2020

Back in April, I'd discussed why **Dollarama** (TSX:DOL) was worth trusting in this volatile market. Dollar stores have developed into a robust business with a diverse consumer base since the 2007-2008 financial crisis. Shares of Dollarama have climbed 7.7% in 2020 so far and are up 12% over the past year.

The discount retailer released its fourth quarter and full-year fiscal 2020 results on April 1. It achieved comparable store sales growth of 4.3% for the full year. Moreover, its fiscal 2020 guidance met all key metrics even in the face of the beginnings of the COVID-19 pandemic.

In Q4, diluted net earnings per share increased 7.5% to $0.57. Dollarama saw a surge in transactions in March 2020 as consumers have rushed to meet their essential needs in this pandemic.

Dollarama is a great stock to hold to play defense against a market crash. The stock last had a P/E ratio of 27, putting it in favourable value territory relative to industry peers.

This grocery retailer has been historically reliable

Grocery retail was one of the few spaces that managed to perform better in the face of the pandemic. **Empire Company** is engaged in foot retail across Canada, owning brands like Farm Boy, FreshCo, and Sobeys. Its shares have climbed 1.6% in 2020 at the time of this writing.

Investors can expect to see Empire's fourth-quarter and full-year fiscal 2020 results in late June. In Q3, Empire reported adjusted earnings per share of $0.46 over $0.27 in the prior year. Sales have jumped over $650 million over fiscal 2019 in the year-to-date period.

While Empire offers a modest quarterly dividend of $0.12 per share, it has delivered dividend-growth for 25 consecutive years.

Empire is still a great hold to defend against a market crash. Shares last possessed a favourable P/E ratio of 15 and a P/B value of 2.2.

CATEGORY

1. Coronavirus

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:DOL (Dollarama Inc.)
3. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
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