Stock Market Crash: 3 Safe Dividend Stocks to Park Your Money

Description

A second wave of COVID-19 cases can shut down the economy again and trigger another stock market crash. If you're worried, consider investing some money in these safe dividend stocks that are priced at a value.

You can ride through the volatility and be reassured with nice income from the three **TSX** stocks.

A TSX dividend stock with stable earnings and growth

The COVID-19 pandemic and a challenging weather environment haven't fazed **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN). On reporting its first-quarter results, the utility gave guidance that suggests 2020 earnings-per-share growth of nearly 4%. Any growth is amazing in this year of economic contraction!

Its earnings have been resilient, because they're sourced from regulated natural gas, water, and electricity utilities and a largely long-term contracted renewable energy portfolio.

Additionally, Algonquin has US$9.2 billion of investment projects lined up through 2024, which will allow it to substantially grow its assets that total roughly US$11 billion today.

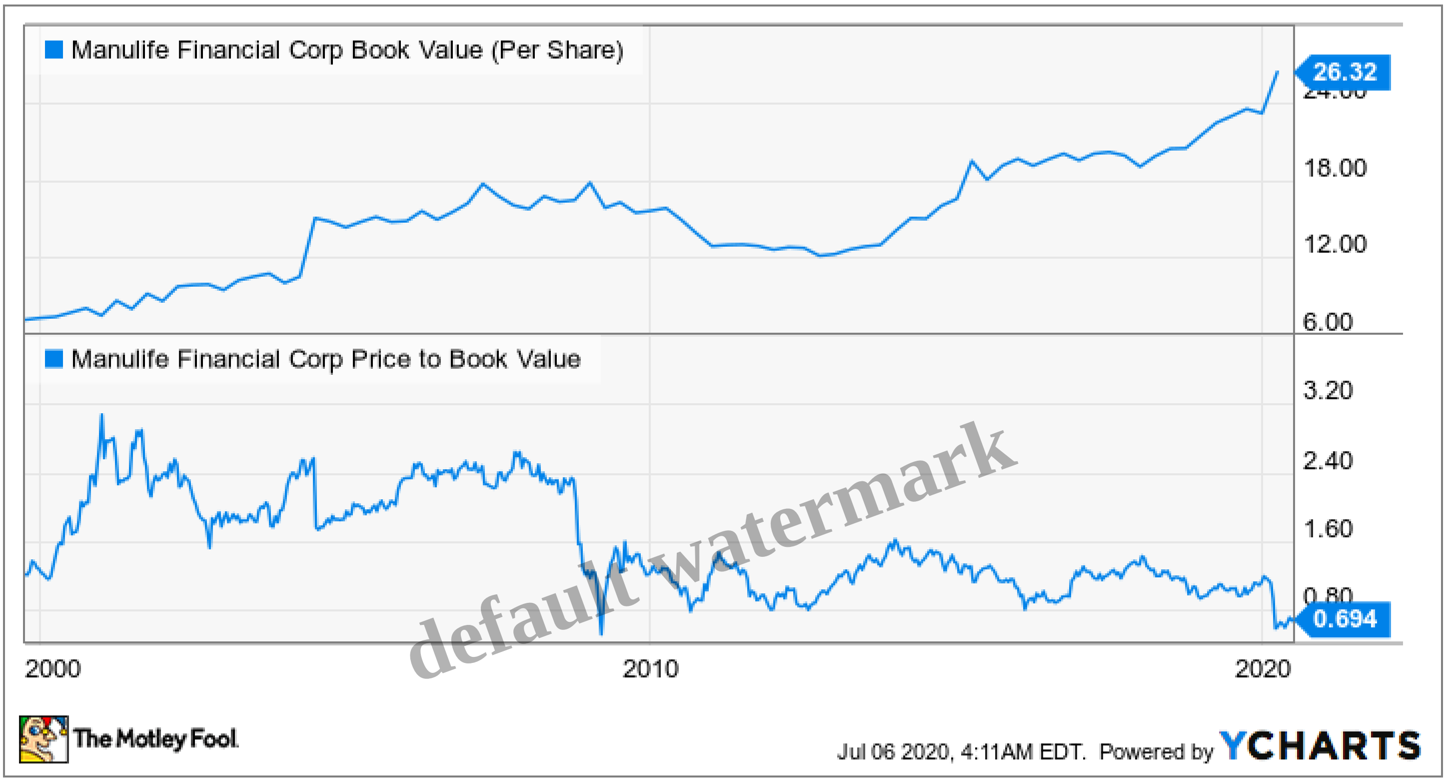
Recently, the utility increased its quarterly dividend by 10%, which marks its 10th consecutive year of dividend growth. Its yield of 4.8% and going-forward stable growth of about 6% should appeal to income investors.

The average 12-month analyst price target of US$15.40 per share represents near-term upside potential of 18%, which is above average. Algonquin would make a marvelous complementary holding to a blue-chip utility stock like **Fortis**.

Get a 6% yield from a profitable business

The performance of **Manulife** (TSX:MFC)(NYSE:MFC) has been pressured by the COVID-19 pandemic, which has been disrupting economies and global capital markets.

As a result, Manulife stock trades at a price-to-book valuation that's close to the low of the last great recession. This implies that the value stock could be trading at a massive bargain for long-term investment.



MFC Book Value (Per Share) data by YCharts. The chart shows MFC's history of book value per share versus price to book.

Even a recovery to 80-100% of the current book value represents a price target of $21.05-26.32 per share, or upside potential of 12-40%. Moreover, Manulife also offers a juicy yield of 6% that adds to total returns.

Manulife has been navigating this stressful environment as best as it can. In fact, it has been preparing for such challenging times by strengthening its capital ratios, reducing its debt levels, and closely managing costs in recent years.

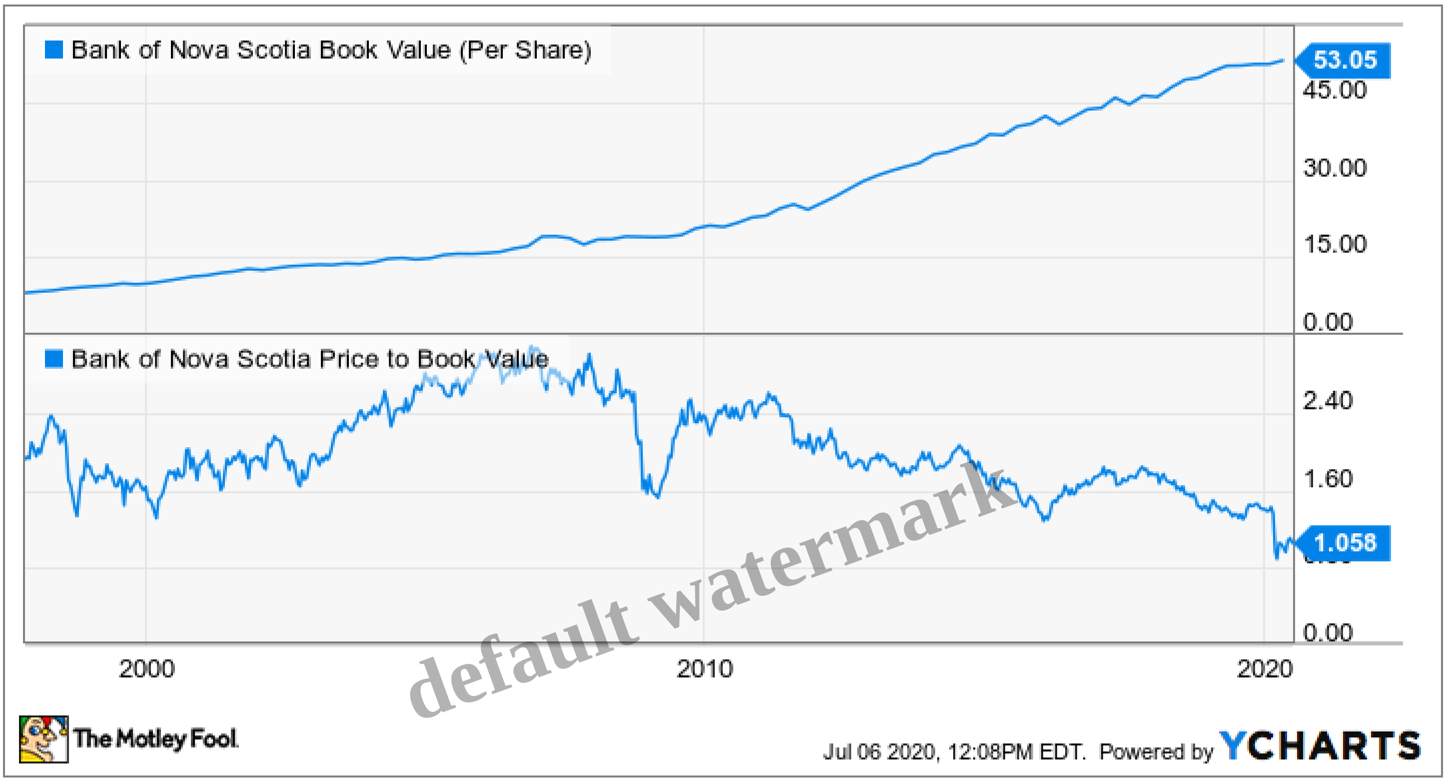
The insurance company remained profitable with the first-quarter earnings per share falling 41% year over year. Notably, the temporarily elevated payout ratio of roughly 45% for the quarter was still sustainable.

Get a +6% yield from a big Canadian bank

If you're considering parking your money in Manulife stock, you should highly consider **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) as well. The bank currently offers a greater yield of 6.4%.

Like Manulife, the bank's performance has also been pressured by COVID-19 that has disruptions.

As you can see, BNS stock has been consistently increasing its book value per share. However, it currently trades at a dirt-cheap, historically low valuation. This is a bargain stock for the courageous investor, as it has obviously been abandoned by the investment community.



BNS Book Value (Per Share) data by YCharts. The chart shows BNS's history of book value per share versus price to book.

Even a recovery to 1.5 times the book value represents a price target of $79.57 per share, or upside potential of 42%. BNS stock's nice yield of 6.4% will help boost returns as well.

On a recovery of the economies in North America and Pacific Alliance countries over the next three to five years, the value stock should make some excellent income and price appreciation for buyers today.

The Foolish takeaway

Whether the stock market crashes or not, if you have a three- to five-year investment horizon, you should do fine with juicy income and price appreciation from investing in Algonquin, Manulife, and BNS stock today.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:MFC (Manulife Financial Corporation)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BNS (Bank Of Nova Scotia)
6. TSX:MFC (Manulife Financial Corporation)

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