Stock Market Crash: 3 Defensive Stars to Stash

Description

The **S&P/TSX Composite Index** rose another 133 points on August 5. Mining and materials combined with the energy space to power another green day for the Canadian market. Earlier this week, I'd discussed whether investors should look to prepare for a stock market crash. It is almost never a good idea to try to time the market. However, piling up on defensive stocks may be prudent in what looks like an overvalued climate. Today, I want to look at three dividend stocks that can protect your portfolio for the rest of 2020.

Why grocery stocks can defend against a stock market crash

In the early spring of 2020, the TSX Index suffered a sharp correction along with its global peers. However, consumer staples like grocery stocks managed to provide stability to shareholders during this turbulent period. These stocks continue to be great targets for those who are worried about a stock market crash.

Loblaw Companies (TSX:L) is the largest grocery retailer in Canada. Its shares have climbed 5.2% in 2020 as of close on August 5. The company released its second-quarter 2020 results on July 23. It put together a strong performance in the face of the COVID-19 pandemic.

Revenue increased 7.4% year over year to $11.9 billion. Like other retailers, grocers have also accelerated their e-commerce push. Loblaw's Everyday Digital sales soared 280% to $1.2 billion in Q2 2020. The board of directors announced a quarterly dividend of $0.315 per share, which represents a modest 1.8% yield.

Shares of Loblaw last had a price-to-earnings (P/E) ratio of 25 and a price-to-book (P/B) value of 2.2 It is still in solid value territory compared to industry peers.

One dividend stock to stash

Back in July, I'd discussed how millennials could build a green energy portfolio. A stock market crash is impossible to predict. However, the continued growth of the renewable energy sector appears to be a sure bet as we kick off the 2020s.

Polaris Infrastructure (TSX:PIF) is a Toronto-based renewable energy company that acquires, explores for, develops, and operates geothermal and hydroelectric energy projects in Latin America. Its stock has climbed 21% in 2020 so far.

In Q1 2020, Polaris generated $20.3 million in revenue from energy sales. Adjusted EBITDA increased to $17.0 million over $15.9 million in the prior year. It declared a quarterly dividend of $0.15 per share. This represents a strong 5.7% yield.

The stock last possessed a P/E ratio of 11 and a P/B value of 0.8. This puts Polaris in attractive value territory as we start the month of August. I’m bullish on this renewable energy stock going forward.

Stock market crash: Why telecom is a solid option

Telecom stocks have been quiet since the stock market crash in March. **Rogers Communications**, one of the largest telecoms in Canada, has seen its shares drop 12% in 2020 as of close on August 5. The stock looks undervalued in the middle of the summers. Shares last had a favourable P/E ratio of 16. Meanwhile, Rogers offers a quarterly dividend of $0.50 per share, representing a 3.6% yield.

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TICKERS GLOBAL

1. TSX:L (Loblaw Companies Limited)
2. TSX:PIF (Polaris Renewable Energy)

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