



2 Lesser-Known (But Resilient) Dividend Stocks With Safe Payouts

Description

We're not out of the woods yet when it comes to the [coronavirus pandemic](#). Just ask [Warren Buffett](#), who's been selling airline and bank stocks while buying gold and grocers. If the Oracle of Omaha's latest moves aren't ominous enough, many investors are likely setting their economic recovery expectations too high.

The potential for a worsening of the COVID-19 pandemic could quickly spark another wave of disruption that could send many more dividends straight to the chopping block. As you may remember, the market largely shrugged off COVID-19 concerns back in early February, and you'd better believe it's possible that many investors have become too complacent given the risk of a second wave and the possibility that an effective coronavirus vaccine may arrive later rather than sooner.

Following Warren Buffett by de-risking your portfolio isn't such a bad idea right now

Given the risks, I'd say it's only prudent to balance your exposure to COVID-19.

Find the right balance of COVID-19 beta (the volatility based on COVID-19 developments), so you're not left holding the bag if it turns out we're not even halfway through this socio-economic nightmare. In this piece, we'll have a look at two relatively unknown businesses with resilient operating cash flows and a safe dividend payout that can withstand a worsening of the coronavirus crisis. These low COVID-19 beta stocks may not be sexy, but they can help you keep your portfolio afloat if another market correction is in the cards going into year-end.

Without further ado, consider the following COVID-resilient names if you're overexposed to higher-beta COVID-hit stocks.

KP Tissue

KP Tissue ([TSX:KPT](#)) is the holding company behind popular Canadian tissue, paper towel, toilet paper products like Purex, Scotties, Cashmere, and Sponge Towels.

As you'd imagine, shares of KPT have fared quite well during the pandemic, as consumer swept the shelves of their local grocery store's toilet paper aisle. While such panic buying probably won't happen again, unless a severe second wave hits, the reason to own shares of the tissue giant is not to play a potential pull-forward in demand but to enjoy a rock-solid dividend and below-average beta throughout this pandemic.

The stock sports a 6.1% yield at the time of writing. It's going to hold up, regardless of what happens next, thanks to the company's recession- and pandemic-resilient operating cash flow stream and its decent balance sheet. As input cost prices stabilize, KPT will become a must-buy "Steady Eddie" stock for the foundation of any de-risked portfolio.

Parkland Fuel

Parkland Fuel ([TSX:PKI](#)) is a fuel and convenience retailer behind gas station chains that you've probably run across on your summer road trip. Shares of PKI suffered a massive +50% slide amid the February-March crash but were quick to recover most of the ground lost alongside the broader market relief rally. Today, the stock is within 20% of making its all-time highs and with a sustainable 3.1% dividend yield, I'd say now is as good a time as any to bet on the mid-cap retailer's comeback.

Parkland has demonstrated more resilience than most thought it would in the first half. Convenience store merchandise revenues held steady, and fuel demand continues to improve, as people opt to go on road trips, rather than run the risk of catching COVID-19 in a packed flight to a distant location.

Management has over \$1.6 billion in liquidity and is likely to come out of this crisis with an acquisition in hand. With shares trading at a ridiculous 0.4 times sales, I'd say now is the time to back up the truck on this unfairly hit COVID-resilient stock before others recognize the value to be had.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:KPT (KP Tissue Inc.)
2. TSX:PKI (Parkland Fuel Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise

6. Yahoo CA

Category

1. Coronavirus
2. Dividend Stocks
3. Investing

Date

2025/08/17

Date Created

2020/08/21

Author

joefrenette

default watermark

default watermark