Stock Market Crash 2.0: 3 Safe Stocks to Help You Survive

Description

It's beginning to look like the dreaded stock market crash 2.0 has arrived. Two weeks after the initial September selloff, stocks have crashed once more — again, led by tech. With consensus emerging that Federal Reserve stimulus is about to run out, and rising uncertainty about the U.S. election, investors are getting positively spooked.

Fortunately for Canadian investors, there are still many great Canadian stocks to choose from. The TSX Index is less weighted in tech compared to U.S. indexes, with far more "traditional" dividend plays in the mix. Over the past decade, that has muted the Canadian markets' returns. In September 2020, it may actually be an asset.

With that in mind, here are three "safe" TSX stocks to help you survive a market crash 2.0.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) has been one of the best-performing TSX stocks over the past decade, rising more than 1,000% in the markets. Its gains can be attributed to a smart acquisition strategy, that has seen the company open lots of new stores without taking on crazy amounts of debt.

In 2003, the company acquired Circle K from **ConocoPhillips**. That immediately gave the company the number two spot in the U.S. convenience store market. It further leveraged the chain into a dominant position in Canada. Today, ATD.B stock is doing well. It's now up for the year after a brief decline in the COVID-19 market crash. It saw 47% earnings growth in its most recent quarter, despite a COVID-related decline in fuel sales. Its dividend yield (0.63%) is low, but the stock has an incredible track record of dividend growth.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is one of the most dependable dividend stocks in the history of the TSX. As a utility, you'd expect it to be "dependable," as that entire industry is heavily regulated with locked-in contracts and high barriers to entry. However, Fortis has done better than the average utility over the years.

In the past five years, it has outperformed the TSX and the TSX utilities sub-index. That's thanks in no small part to heavy investments in expansion. Fortis has acquired assets across Canada, the U.S., and the Caribbean; recently, it inked Canada's first deal to supply LNG to China. In its most recent quarter, adjusted EPS was up slightly year over year, despite COVID-19 headwinds. The stock yields 3.5% today and more dividend growth is expected in the future.

BMO Covered Call Utilities ETF

Continuing with the utilities theme, we have the **BMO Covered Call Utilities ETF** (TSX:ZWU). This is an ETF with a lot of interesting characteristics. As the name implies, it's based heavily on utilities, but it also has some holdings in telcos and pipelines. It's also partially a "fund of funds," with other ETFs in its portfolio.

If you want big yield, you could do much worse than ZWU. The fund writes covered calls as a yield-enhancement strategy, which gives it its astonishing yield of 8.1% before fees. On that note, this fund's fees are pretty high for an ETF (0.72%), so you won't actually take home a full 8% yield. Still, it's a very high yield pick based on very safe underlying holdings.

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2. TSX:FTS (Fortis Inc.)
3. TSX:ZWU (Bmo Covered Call Utilities ETF)

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