



2 Great Stocks for a Volatile Market

Description

If there was a single word that sums up 2020 so far, it would be *volatile*. Following an incredible start, global markets retreated, as the COVID-19 pandemic swept across the world. The pandemic revamped not only how we do business, but, more importantly, *where* we work. The pandemic changed nearly every business. Restaurants, retail, and entertainment venues have been hit particularly hard.

Fortunately, there is hope for investors trying to find somewhere to weather the current market volatility.

Sit back and watch the market improve

Telecoms are often regarded as some of the safest investments on the market, and there's some logic behind that reasoning. Telecoms provide subscription-based services that provide a stable recurring revenue stream. Those services include wireless, TV, and internet access. Incredibly, those services have only grown in importance since the pandemic began, which only adds to the overall appeal of telecoms.

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is the largest telecom in Canada. In addition to offering those core subscription services, BCE has a massive media empire that includes TV and radio stations as well as an interest in professional sports teams. Not only do these segments provide additional revenue streams for the company, but they also complement each other.

More importantly, prospective investors should take note that BCE still hasn't fully recovered from the crash earlier this year. While the overall market is flirting with returning to its January levels, BCE is still 8% down year to date. This makes it an ideal time to purchase BCE at a discounted rate that will not remain at these levels.

Turning to results, BCE's defensive nature didn't render it immune to the COVID-19 pandemic. When compared with the same quarter last year, BCE saw revenue and net earnings drop by 91% and 64%, respectively. This was a direct result of retail operations being closed for large parts of the quarter. Worth noting was that BCE saw wireless subscriber growth during the quarter, recording 34,702 net

new subscribers in the quarter.

In terms of a dividend, BCE offers a quarterly payout with a 6.06% yield, which handily beats its peers. Potential investors should also note that BCE has an established history of providing an annual bump to that dividend that goes back several decades.

In short, BCE remains a [top pick](#) for defensive investors looking for a reliable income producer in a volatile market.

Volatility is short term: This bank is a long-term gem

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is the second-largest of Canada's big banks. The bank is an ideal pick for investors looking for both a solid income producer as well as an investment that can provide significant growth.

One of the advantages that TD has over its peers is its growing exposure to the U.S. market. In the years following the Great Recession, TD acquired several banks in the U.S. and stitched them together under a single brand. Today, that U.S. branch network has a larger footprint than its network in Canada, stretching from Maine to Florida. That exposure to the U.S. market provides both diversification and opportunity to investors. This is evident during earnings season, where the bank's U.S. segment results account for a third of revenue.

During the most recent quarter, TD announced adjusted earnings of \$2.3 billion, reflecting a 30% drop over the same period last year. That drop was attributed to the ongoing COVID-19 pandemic and was observed across the market. A more equitable comparison would be over the second-quarter results, where TD reported adjusted earnings of just \$1.59 billion.

In terms of a dividend, TD has been rewarding shareholders with a solid dividend for well over a century. The quarterly payout currently works out to an appetizing 5.19% yield. Adding to that appeal is the fact that TD has provided annual or better hikes to that dividend for over a decade without fail.

In other words, TD is a great buy-and-forget stock to counter market volatility.

Final thoughts

The pandemic has forced us re-learn how and where we do business. It has also provided a platform for some businesses to evolve and expose long-term growth opportunities, despite the still-volatile market. This is where both TD and BCE could be beneficial to investors. In my opinion, both make [excellent long-term investments](#) for growth and income-seeking investors.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

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2. NYSE:TD (The Toronto-Dominion Bank)
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