



Market Crash: This TSX Dividend Stock Is the Perfect Place to Hide

Description

With the broader markets falling into [correction territory](#) thanks to overly frothy tech stocks, there are plenty of bargains out there. And I'm not just talking about the [battered](#) plays that have seen their shares correct over the last three weeks. There are wonderful businesses that have been bucking the trend this September, soaring in the face of this latest market crash.

It's these such names that have not only demonstrated tremendous resilience in the face of a worsening COVID-19 crisis, but they're also compelling options for investors looking to lower their correlation to the choppy markets that will continue exhibiting off-the-charts volatility for the duration of this horrific pandemic.

Let's face it. There are few places to hide in this kind of weird market anymore. Gold and Bitcoin, which are supposedly lowly correlated assets, took a hit back in the February-March market crash, and they're under a bit of pressure once again for the September correction.

Many low-beta defensive dividend stocks, including utilities, have faced abnormal amounts of volatility this year. Although it's discouraging to see your solid foundation fluctuate in the face of a crisis, I think there are emerging places to hide with severely undervalued stocks that only recently started getting the attention of the Street thanks to their recent breakout moves.

Head North West to defend against the market crash

Consider **North West Company** ([TSX:NWC](#)), a discount retail and grocer that serves various remote rural communities primarily in North America (specifically in northern and western Canada and Alaska). The stock pulled back sharply back in February and March before bouncing back with fury, more than doubling up from its March lows to its September highs.

While many investors are likely reluctant to place a bet on a name that's making the all-time high list at a time when the rest of the market is crumbling like a paper bag, I think those seeking "shelter" from the recent bout of pandemic-induced volatility will be best-served by betting on a name that's still attractively valued based on traditional valuation metrics and relative to its peers.

A great place to hide your wealth in the face of Canada's market crash

North West is a defensive dividend play with a stable 4% yield. The firm is behind recession- and pandemic-resilient retailers, including the likes of food and general merchandise retailer Northern and discount retailer Giant Tiger. Unless you live in a remote Canadian community, you've probably never heard of such banners. The firm specializes in serving underserved rural areas and has built a pretty nice moat for itself over the years.

The company is hardly a sexy stock but is a name that can help your portfolio zig when the markets zag (it has a 0.4 five-year beta) if you're looking for a place to hide before a second wave of COVID-19 cases.

Shares of NWC are among the biggest of winners in September, having bounced over 26% month to date. Despite the upward spike, shares remain dirt cheap, given the stock has spent many years stuck in consolidation mode. The stock trades at a mere 0.78 times sales, 3.8 times book value, and 16.6 times next year's expected earnings, making it one of the lower-cost value options available in the discount retail scene.

Foolish takeaway

Like a coiled spring, North West is finally breaking out, and with "essential" offerings that will remain open should further COVID-19 lockdowns hit, I think the name is headed much higher, possibly past \$40 by year's end.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. TSX:NWC (The North West Company Inc.)

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