



2 Safe Dividend Stocks to Buy in Case the Market Crashes

Description

Investors often fear a market crash; however, these opportunities should be welcomed. Market crashes give you a great opportunity to buy **TSX** stocks, some that even pay attractive dividends and trade at extremely cheap valuations. They are important to capitalize on, as they can offer you significant growth when the market bounces back, as we saw earlier this year.

That's why it's always recommended to keep a small cash position and increase it any time volatility and uncertainty grows. This is just one way to prepare for a market crash. Another way is to buy high-quality dividend stocks.

Buying dividend stocks for a market crash

Owning dividend stocks in your portfolio will be crucial for weathering a market crash. These can't just be any stock paying a dividend, though. It's up to investors to ensure that you own quality businesses that can maintain their cash flow levels. That way, you know those companies should be able to keep the dividend safe.

And because their earnings will be less impacted, and investors will be less keen to sell these reliable stocks, their value will generally hold up better than peers.

Plus, the passive income you receive will add up quickly at a time when cash is king. This can be used to buy more stocks at bargain prices or to rebuild your cash position.

Here are two TSX stocks you may want to consider.

TSX telecom stock

Telecom stocks make great dividend-paying businesses. These companies generate massive recurring cash flow, and the services they offer are generally defensive.

That's why an investment in **Shaw Communications** ([TSX:SJR.B](#))([NYSE:SJR](#)) would be ideal today. Not only can you expect its business to continue to remain resilient, as it has so far this year. But Shaw also offers investors significant growth potential, as it competes to grow its market share in the Canadian wireless space.

As of 2019, only 9% of Shaw's earnings before interest, taxes, depreciation, and amortization came from its wireless segment. That's important for a few reasons.

First, it shows how much potential [Shaw](#) has to grow its wireless segment and massively increase its earnings. But second, and more prevalent in the current environment, we've seen wireline segments hold up much better for the telecom stocks than wireless segments.

This makes sense, as more people are working from home, wireline segments will see much less of an impact than wireless.

So, at its current trading price of \$24, trading nearly 15% off its 52-week high and yielding 4.95%, the stock is a no-brainer, especially if you are concerned that there may be another market crash.

Infrastructure dividend stock

Another highly defensive industry you could consider investing in is the infrastructure industry. A high-quality business like **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) will be a top choice to help preserve value for you through a financial crisis. The company owns assets in four main categories: utilities, transportation, data, and energy.

These combine to give Brookfield highly robust cash flows. Utilities businesses are some of the most defensive business you can invest in. Data infrastructure is also highly defensive, and Brookfield's transportation portfolio is full of high-quality assets like ports and railroads.

Its energy segment has arguably been the most affected, but due to several regulatory and contractual obligations, a lot of its energy cash flow is resilient as well.

[Brookfield Infrastructure](#) basically offers investors exposure to several high-quality infrastructure projects around the world.

This is attractive because these are top-notch assets that would be difficult for average investors to own otherwise. Brookfield is a high-quality investment manager; you can count on to invest in and manage these assets. Plus, its diversification of different industries helps make this a relatively low-risk investment.

So, with its massive long-term potential and dividend currently yielding 3.95%, the stock is one of the top investments you can make today.

Bottom line

When it comes to market crashes, it's just as important what you do ahead of crash to prepare, as it is how you react to the market crashing around you. These situations don't come around very often, so

you must maximize the opportunity.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:SJR (Shaw Communications Inc.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:SJR.B (Shaw Communications)

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Date

2025/08/27

Date Created

2020/10/07

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