2 Dependable Dividend Stocks That Perform Well During Market Crashes

Description

Income investors could see their investments' value drop and dividend payments slashed or cut during market crashes. Some rebalance their portfolios only when the downturn is happening, which is a belated, costly reaction.

Remember, the stock market is generally risky. When you're investing in the TSX to save for the future, don't waver and pick defensive assets over popular names. If your core holdings are dependable income stocks, panic will not grip you.

BCE (TSX:BCE)(NYSE:BCE) and **Fortis** (TSX:FTS)(NYSE:FTS) are excellent choices. Either one will perform well during market crashes, because the businesses' nature are recession-proof, if not pandemic-resistant.

Growing titan

BCE isn't hard to miss if your concern is finding a business that can outlast COVID-19. Canada's largest telecommunications company will not fall by the wayside, because it provides vital services in the health crisis. The top telecom stock trades at $56.73 per share and pays a 5.92% dividend.

You don't need to crunch the numbers in choosing BCE. Its three primary segments — Bell Wireline, Bell Wireless, and Bell Media — are the reasons for consistent earnings and reliable cash flows. This $51.58 billion telecom titan also operates in a near-monopoly, along with **Telus** and **Rogers Communications**.

In mid-year 2020, BCE launched the Bell 5G network in Calgary, Edmonton, Montreal, Vancouver, and the Greater Toronto Area. By the end of the year, 5G should be live in more than 100 centres nationwide. BCE is duplicating Bell's 4G LTE mobile network's success, which covers 99% of Canadians.

Consummate defensive asset

Fortis is the go-to stock when capital protection and dividend safety are your investment considerations. The $24.64 billion regulated electric and gas utility company will stand tall regardless of the market environment.

At the height of the COVID-induced selloff in March, the share price fell by 24% to $41.05. The steepest drop in years, however, was due more to the negative market sentiment. As of November 25, 2020, the stock price is $53.05 (+1.56% year-to-date gain), while the dividend offer is 3.78%.

Fortis's image in the investment community is that of a defensive all-star. Institutional investors and retirees flock to this dependable income provider, because the business model is low risk. About 97% of its utility assets in North America are regulated. Currently, Fortis belongs to the top 15 utilities in the continent.

The company is also increasing its regulated investments in renewable energy, transmission infrastructure, and grid modernization. Fortis's current five-year plan includes a promise to raise dividend payouts by 6% every year until 2024. It's an achievable goal, because management expects a long-term sustainable 7% rate base growth.

Signs to look for

Stock market crashes are inevitable. You can stay on or turn away, depending on your risk profile. However, if you don't want to ruin your financial goals, look for signs that can help you pick the dividend stocks that can survive or endure a downturn.

BCE and Fortis have common factors, namely, low-risk business models, fiscal strength, sustainable cash flow, and sector-leading position. But if you ask which one should rank ahead of the other, I would say Fortis, because its reputation precedes the name.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn

4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/17
Date Created
2020/11/28
Author
cliew