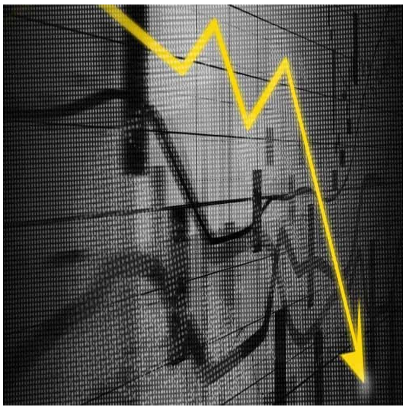

2 Dividend Stocks to Cruise Through Any Market Crash

Description

I can't blame you if you're worried about another market crash coming. As a whole, the stock market recovered perhaps too swiftly from the crash in March. The latest little rally in November was driven by positive vaccine news.

However, there are short-term risks, including potential delays/hiccups in vaccine distribution or the vaccine programs won't be as effective as expected. If these risks play out, there could be another market crash.

If you bought these top-quality dividend stocks at good valuations, you should not worry too much, because you can choose to cruise through any market volatility, including a market crash.

Royal Bank of Canada

Even high-quality stocks experience selloffs. That's just something stock investors need to get used to, or they can simply refrain from watching the market when it's open.

Despite being high quality, **Royal Bank of Canada** (TSX:RY)(NYSE:RY) stock still sold off more than 28% from peak to trough in the March market crash. However, there was no doubt about its eventual recovery due to its track record of profitability through economic boom and bust.

Thanks to the leading positions it's in and the large scale and diversity of its business, RBC stock tends to experience below-average volatility versus its peers. That should help shareholders to hold on to the stock through thick and thin.

If you bought RBC stock at a low of, say, $85 per share during the market crash, you'd have locked in an elevated dividend yield of +5%. The blue-chip stock is about fairly valued now. If shareholders wish to, they can sit back and collect passive income without caring what the stock price does.

Brookfield Infrastructure

You don’t get that many chances to buy top-notch businesses on sale. In the last two years, **Brookfield Infrastructure Partners** (TSX:BIP.UN)(NYSE:BIP) stock experienced two selloffs. In late 2018, it sold off +15%. In the March market crash, it dropped more than 35% from peak to trough.

Investors could have certainly taken profits when they feel the stock was fully valued, but they wouldn’t know when they’d been given the opportunity to buy it back at a good valuation like in those rare selloffs.

Brookfield Infrastructure is a wonderful business that should allow unitholders to cruise through market crashes. It owns, invests, and operates a globally diversified portfolio of infrastructure assets that requires low maintenance capital.

From this portfolio, it brings in a sustainably growing stream of cash flow with high +50% EBITDA margins. The cash flow is stable and grows by being about 95% regulated/contracted and about 75% indexed to inflation.

There’s nothing not to like about the business. If you bought Brookfield Infrastructure stock at a low of, say, $50 per unit during the market crash, you’d have locked in a boosted dividend yield of about 5.5%. If shareholders want to, they can ignore the market volatility and collect a growing income from BIP.

The Foolish takeaway

Some investors aim to maximize their returns by taking quick profits from hot stocks. However, that kind of active investing requires much more attention from the investors.

If you bought wonderful businesses like RBC or BIP stocks at good valuations, you pretty much locked in a nice yield and your yield on cost from these investments will only increase over time as they hike their payouts.

When you have these kinds of investments in your portfolio, you can choose to take a more backseat approach, get decent returns, and enjoy a growing stream of quality income.

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1. Bank Stocks
2. Dividend Stocks
3. Investing
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3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
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