2 Dividend Stocks to Buy to Survive a 2021 Market Crash

Description

The S&P/TSX Composite Index is off to a good start in 2021 following a stunning rally in 2020. Canada's primary stock market also recorded a new high of 18,042.10 on January 8, 2021. However, the environment is far from safe and stable. There's guarded optimism, because COVID-19 is mutating, and the variants are more lethal.

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Investing is a challenge again, despite the bullish sentiment of money managers. For individual investors, simplify the selection process if you feel a market crash could be lurking on the sidelines. The best strategy to counter the fear is to pick dividend stocks that can survive the next downturn.

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) and **Fortis** (TSX:FTS)(NYSE:FTS) are the prominent choices if you want capital protection and the safety of dividends. Time and again, both companies have endured the harshest recessions and crises in recent memory. The COVID-19 pandemic is no exception.

A stronghold

In the 2008 financial crisis, only Toronto-Dominion Bank reported revenue and profit growth. It was a masterful display of resiliency and dependability. In 2020, the second-largest bank in Canada did not take the coronavirus lightly. TD promptly increase loan-loss provision at the expense of income.

Nonetheless, TD reported a 6% and 2% growth in revenue and net income in fiscal 2020 (year ended October 31, 2020) versus fiscal 2019. Provision for credit losses increased by 139% to $7.2 billion from $3 billion the previous year.

TD expects a gradual recovery of Canada's economy in 2021. While management also projects uneven earnings, the provision for credit losses would be lower. On the stock market, this top-tier bank delivered a total return of 4%. You can purchase TD today at $74.20 and enjoy a decent 4.26% dividend.

A fortress

Utility stock Fortis is also a hands-down choice if you expect a market downturn. This $23.79 billion is the most sought-after defensive asset on the TSX. How can you go wrong when 97% of its assets are regulated? Fortis is a Dividend Aristocrat. The company has raised its dividends for 47 consecutive years.

Because of its consistent track record, Fortis leads the way in dividend growth. The yield has compounded by more than 7% over the last three years. Management promises to raise dividends by 6% annually through 2024. At $50.97 per share, the dividend yield is an attractive 3.95%.

While its $18.3 five-year capital plan is geared mostly towards regulated investments, Fortis is moving to include renewables and natural gas as foundational energy sources. Over the next five years, the rate base should grow to around $10 billion. Expansion, diversification, and investment opportunities are on the horizon.

Maintaining the dividend-growth streak shouldn't be a tall order. Fortis's steady, highly regulated transmission and distribution businesses are sure to support future dividend increases. What more can you ask for if the business is diversified and regulated? The business model is low risk, and earnings are predictable.

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Rest easy

During turbulent times, narrow down your choices to established companies with proven track records of stability and durability. Whether you're rebalancing a portfolio or moving to safer ground, Toronto-Dominion Bank and Fortis are no-brainer buys. Purchase the assets today, hold them for the long haul, and rest easy.

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Date
2025/07/01
Date Created
2021/01/16
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