



## 2 Top Dividend Stocks to Buy in a Correction

### Description

Worried about stock market corrections? Market volatility can be your friend that allows you to buy stocks at cheaper prices.

If you're [worried about a big market correction](#), consider investing in the following solid dividend stocks to sleep well at night in 2021 and beyond.

They're leaders of their pack and you therefore expect their stocks to be more resilient and be easier to hold on to through market pullbacks because you know they will recover.

All stocks will experience bumps. The important thing is to buy solid stocks with long-term upward trends driven by wonderful businesses.

### A dividend stock you can trust

**Intact Financial** ([TSX:IFC](#)) participated in the pandemic market crash in early 2020, falling as much as 30% from peak to trough. However, 2020 turned out to be the company's best year yet with record revenues and earnings. This goes to show that short-term stock price movements don't necessarily reflect the quality of the underlying business.

Additionally, Intact Financial had the best combined ratio since at least 2011. A combined ratio of below 100% indicates profitable underwriting operations.

Last year, Intact Financial's combined ratio was 89.1%. Its average ratio from 2011-2020 was 93.9%. During this period, the leading property and casualty insurance company's underwriting operations were profitable every year, which suggests very well-run operations.

With quality earnings and a sustainable payout ratio, it's not surprising that Intact Financial is a Canadian Dividend Aristocrat with 16 consecutive years of dividend growth. Its dividend growth rate has been very consistent at +9% in the past three, five, and 10 years.

It normally increases its dividend in Q1 2020, but this year it plans to increase the dividend later — perhaps after it completes the RSA acquisition, its largest acquisition so far.

RSA will expand Intact internationally into the U.K., Ireland, Europe, and the Middle East. It would be interesting to see how RSA would contribute to Intact Financial, which has been a proven consolidator in the space.

## **This solid dividend stock provides a 4% yield for starters**

**Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)) is another well-run business you can trust to recover from any stock market correction.

The global infrastructure company generates resilient cash flow through market cycles from a diversified set of quality assets, including utilities, energy, transport, and data infrastructure.

BIP has increased its funds from operations (FFO) (from which it pays out its cash distribution) at a faster pace than its cash distribution. Specifically, since 2009, it has increased its FFO per unit by about 16% per year while increasing its cash distribution at a rate of roughly 10%.

BIP stock got whipsawed in the pandemic market crash, falling as much as 50% from peak to trough. However, from the very bottom, the stock rebounded very quickly. If investors didn't watch the stock price closely and just checked it, say, once a month, they most likely wouldn't even notice the excessive selloff that was based primarily on the emotion of fear.

The underlying business fared much better than its stock price with FFO climbing 5% higher (2% on a per-unit basis) in 2020 versus 2019. The resilient results benefited from 6% in organic growth and contributions from capital deployed across all operating segments.

## **The Foolish takeaway**

[Intact Financial](#) and Brookfield Infrastructure still maintain strong balance sheets and are well capitalized to grow their businesses after a pandemic year. They will continue increasing their dividends meanwhile paying nice starting yields of 2.2% and 4%, respectively.

Stock market crashes aren't scary if you aim to buy shares of wonderful businesses like IFC and BIP at rock-bottom prices. Once you buy such shares, don't watch the stock prices closely. This way, you won't be swayed by the fear of the market during market corrections.

### **CATEGORY**

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

### **TICKERS GLOBAL**

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)

2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
3. TSX:IFC (Intact Financial Corporation)

## **PARTNER-FEEDS**

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