



Dividend Investors: 2 Top Canadian Stocks to Ride Out a Market Correction

Description

Canadian dividend investors seek out reliable distributions from stocks that typically fall less than the broader market when there is a [market crash](#) or a major pullback.

The huge rally in the market over the past year could continue for some time, but valuations are stretched by most traditional metrics. As a result, a healthy correction wouldn't be a surprise before the end of the year. In the meantime, investors might want to put new cash to work in dividend stocks that tend to perform well when the market tanks.

Why Fortis is a good stock to buy for dividend investors

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a Nova Scotia-based utility company with more than \$50 billion in assets located across Canada, the United States, and the Caribbean.

Most of the revenue comes from regulated businesses that include power generation, electricity transmission, and natural gas distribution. Cash flow is predictable and tends to be very reliable whether the economy is roaring or in a recession.

Fortis grows through acquisitions and organic projects. The company's current \$19.6 billion capital program should boost the rate base from \$30 billion in 2020 to \$40 billion by the end of 2025. The resulting increase in revenue is expected to support average annual dividend hikes of 6%.

Fortis raised the payout in each of the past 47 years. The current distribution provides a 3.7% yield. That's a bit lower than many other dividend stocks in the **TSX Index**, but you get great dividend-growth guidance and peace of mind when the broader market hits a rough patch.

Telus is a good defensive stock for a dividend portfolio

Telus ([TSX:T](#))([NYSE:TU](#)) operates world-class wireless and wireline communications networks across Canada. People and businesses give the company high scores for customer service and that shows up

in the low mobile churn rate for lucrative post-paid subscriptions.

Telus doesn't have a media division, so it avoided the pandemic hit taken by its peers in their advertising and sports-related revenue streams.

Rather than buying media assets, Telus invested heavily in its Telus Health business over the past few years. Telus Health services have helped medical professionals, hospitals and insurance companies offer digital solutions to deal with the lockdown challenges.

Digital health is a growing segment and the success of online consultations over the past year should boost uptake through the rest of 2021 and beyond. Telus might decide to spin off Telus Health in an Initial Public Offering (IPO) the way it did with the international group earlier this year.

Telus recently raised \$1.3 billion to fund its 5G network investments. The [emergence of 5G](#) gives Telus new revenue opportunities across a number of sectors. The company is also taking advantage of its existing relationships to meet demand for remote monitoring and security.

Telus has a long track record of dividend growth. The stock trades at a reasonable price today and offers a solid 4.9% dividend yield.

The bottom line on top dividend stocks

Fortis and Telus are low-beta dividend stocks that should weather the next market correction better than higher-risk names that appear expensive right now. If you have some cash to put to work today, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:TU (TELUS)
3. TSX:FTS (Fortis Inc.)
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Date

2025/07/27

Date Created

2021/04/28

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