



3 Blue-Chip Stocks You Should Buy on the Dip

Description

The stock market started showing signs of becoming a [bear market](#) between July 15 and July 19 as the **S&P/TSX Composite Index** declined by 2.27% in the span of a few days, before making a rapid recovery. At writing on July 27, the index is up by 2.22% since July 19.

The volatility in the market is causing a lot of worries for stock market investors. When the market starts exhibiting this level of volatility, it is ideal for investors to consider holding [blue-chip dividend-paying stocks](#) in their portfolios.

Blue-chip stocks are typically not as volatile as exciting growth stocks and the payouts that these companies provide can offset your losses. Today, I will discuss three blue-chip stocks that you should consider adding to your portfolio in case the market dips.

Brookfield Asset Management

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) is an alternative asset management firm that focuses on assets like utilities, real estate, and infrastructure. The company has delivered stellar returns over the last 26 years. At writing, the stock is trading for \$63.67 per share and is up by 4,061.44%.

Brookfield Asset Management's gains represent an average of over 15% returns per year since 1995. The TSX has gained by an average of less than 6% during the same time. Given the company's reputation for outperforming the market consistently for almost three decades, it could be a viable addition to any investor portfolio.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is another high-quality blue-chip stock that deserves a spot in investor portfolios. The Canadian Dividend Aristocrat boasts a 47-year dividend growth streak, making it one of the best dividend growth stocks on the TSX right now.

The utility holdings company owns and operates multiple utility businesses, providing electric and gas utilities to around 3.4 million customers in Canada, the US, and the Caribbean. The company generates almost its entire revenue through highly regulated and long-term contracted assets. It means that Fortis can earn predictable income that the company's management can use to comfortably fund its increasing shareholder dividends.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is one of the top Canadian financial institutions. The Big Six Canadian banks are all considered to be blue-chip stocks, and Scotiabank stock stands out as a Canadian banking stock that could provide its investors with significant returns.

Scotiabank differs from its peers in the Canadian banking sector due to its exposure to Latin American markets in Chile, Peru, Mexico, and Columbia. The developing nations in the Pacific Alliance could provide a significant boost to the Canadian bank's revenues. Economists predict that the growing middle class in the Pacific Alliance could grow rapidly this decade.

Provided that the economies fulfill that potential, Scotiabank shareholders can expect stellar returns in the coming years.

Foolish takeaway

Despite the economic fallout from the pandemic, the stock market has entered expensive territory relative to historical valuations. While the recent dip in the stock market seems to have subsided at writing, the conditions are ripe for a possible [downturn](#).

It might be a better option to park your capital in more defensive assets that can provide you with consistent and reliable returns in volatile market conditions. You can consider investing in Brookfield Asset Management, Fortis and Scotiabank stock for this purpose.

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Date

2025/08/21

Date Created

2021/07/29

Author

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