



Bear Market or Not: 3 Dividend Stocks to Buy and Hold

Description

The stock market has appreciated about 83% from the pandemic market crash in about one-and-a-half years. Although no one knows when a bear market will take over again, it's still time for greater caution, as stock valuations have ascended much higher.

It's helpful to buy and hold dividend stocks that will do well in all market conditions — bear market or not. To clarify, I mean that the underlying businesses will do well. After all, short-term stock price movements are affected by market sentiment.

Here are three buy-and-hold dividend stocks to illustrate what I mean.

Brookfield Infrastructure

On the NYSE, **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) stock fell +50% from peak to trough during the pandemic market crash last year! That was a ridiculous selloff given that the diversified utility's 2020 business result ended up being super resilient.

Funds from operations (FFO) per unit climbed 2% year over year. Its 2020 FFO payout ratio was 78%. The quality dividend stock also followed up with a 5% cash-distribution hike in the first quarter of 2021, maintaining its 12-year dividend-growth streak.

In hindsight, investors could have picked up quality shares on the cheap during the 2020 [market downturn](#). Some investors will try to buy at the bottom, but it's always a guessing game. The crucial thing is to *actually buy at a low — any low!* You need to take action and buy and hold quality shares to benefit from the growing dividend and stock price recovery.

Even if you just bought BIP stock at about US\$40 per unit (or the equivalent on the TSX), which was a decline of +20% from the 2020 peak, you would still be sitting on some nice price appreciation of about 40%. Additionally, you would have locked in a solid initial yield of 5.1%.

National Bank of Canada

The story is similar for **National Bank of Canada** ([TSX:NA](#)). The bank stock fell close to 50% from peak to trough in the 2020 market crash that lasted three to four weeks.

What were the actual business results? National Bank's 2020 adjusted earnings per share (EPS) only declined 5% year over year. This means its dividend-paying power was entirely intact as the bank aims to maintain its payout ratio below 50% most of the time.

Even if you just bought NA stock at about \$60 per share, which was a mere 14% decline from the 2020 high, you would still be sitting on some nice price appreciation of about 65%. Additionally, you would have locked in a nice yield of 4.7% for starters.

When the regulators allow it, we know that National Bank will increase its dividend again along with its other big bank peers.

goeasy

goeasy ([TSX:GSY](#)) has been an even more fabulous buy-and-hold dividend stock for wealth creation — if you can hold through the volatility. Within a month, the stock of the leading Canadian non-prime lender stock fell as much as 70% from peak to trough in the 2020 market crash.

Its adjusted EPS actually jumped 46% last year, greatly exceeding analysts' expectations. This clearly demonstrated the strong demand for its products and services and that the management had navigated the company very well. From the market crash low, the growth stock has appreciated about 859% — a nine-bagger. That is, an investment of \$1,000 from the low has grown to about \$9,594!

Even if you just bought [goeasy stock](#) at about \$55 per share, which was a 26% decline from the 2020 high, you would still have pocketed a three-bagger. Additionally, you would have locked in an awesome yield of 4.8% for the high-growth stock.

The dividend stock's payout ratio remains low at about 25%, as the company continues to grow the business at an above-average pace.

The Foolish takeaway

Investors who own these quality businesses should continue holding on to their invaluable shares. Should the market gift us with another market downturn, it would be a great opportunity to buy more at *a low*.

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1. Dividend Stocks
2. Investing

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2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
3. TSX:GSY (goeasy Ltd.)
4. TSX:NA (National Bank of Canada)

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