Think the Market Is Heading Lower? Then Buy These 3 Safety Stocks

Description

Last week, markets on both sides of the border rewarded investors yet again, as major indices continued to chug forward and reach new record highs. But how long can this party last?

Investors might not remember because it's been so long, but markets do have corrections. Aside from a couple of minor sell-offs, markets have been on a steady march higher since lows reached during the worst of the Great Recession, back in 2009. The bull market we've just experienced is one of the biggest and longest lasting in history, and there seems to be nothing standing in its way.

In a somewhat ironic twist, all this positivity is exactly the reason certain investors are nervous. If we look back to the last market correction, things looked pretty rosy back then too. Problems that ended up bringing the economy to its knees were shrugged off and downplayed.

We will have a correction. It could start tomorrow, next month, or even next year, but rest assured it will happen. Investors who believe a correction is imminent can protect themselves pretty easily by moving cash from top-performing growth names into more conservative alternatives. Here are three stocks nervous investors should consider.

RioCan REIT

One thing investors should look for in a safety stock is quality. In the REIT sector, there is arguably no finer operator than **RioCan** (TSX: REI.UN). It's hard to become Canada's largest REIT without being a stellar operator.

The company owns some of Canada's finest retail space, with iconic names such as **Loblaw, Canadian Tire, Cineplex,** and **Target** dominating its list of top tenants. These companies aren't about to start skipping out on rent payments.

The company has also successfully expanded into the U.S., where it currently generates about 15% of its revenue. With growth opportunities largely drying up at home, this U.S. expansion represents a viable growth option that its competitors will have problems matching.

Don't expect huge increases from RioCan's 5.3% dividend yield. It's a steady performer, which makes it a terrific place to hide while the market corrects.

Rogers Communications

Each of Canada's big three telecom companies represents a terrific place to hide during market volatility. They're well managed and have almost impregnable competitive advantages. There's one, however, that's a far better buy than the rest, and that's **Rogers Communications** (TSX: RCI.B)(NYSE: RCI).

The market is punishing the company because it has delivered some weak results, and perhaps overspent to get some of Canada's best wireless spectrum during the last auction. But Rogers is still Canada's wireless leader, something the market is overlooking. It also has an impressive mix of media assets and investments in sports teams, as well as being a leader in Ontario's cable market. Oh, and it trades at a P/E ratio of nearly 40% less than its competitors.

Plus, you're being paid quite generously to wait. The company's 4.3% dividend yield is the highest it's ever been, and dividend growth has been spectacular, growing more than 10% a year since 2009. These are terrific numbers from a defensive stock.

Fortis

There's nothing more basic than making sure we've got power to keep the lights on and the computer running. This is what makes **Fortis** (TSX: FTS) a terrific choice for defensive investors. Even if the economy around us crumbles, customers are still going to pay their bills.

Fortis also has perhaps the finest collection of power generating assets in North America. It owns facilities across Canada, with a focus on hydroelectric and gas power, which are both a much better alternative than coal. The company continues to gobble up assets down south, acquiring two American power companies in the last three years.

This history of smart acquisitions and terrific management has allowed the company to increase its dividend an impressive 41 years in a row. With a yield of just under 4%, shares also give investors a good current payout as well. Getting paid 4% to wait out a market correction isn't so bad.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:RCI.B (Rogers Communications Inc.)
4. TSX:REI.UN (RioCan Real Estate Investment Trust)

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Author
nelsonpsmith