



Worried About a Bear Market? These 3 Defensive Stocks Are Bear Repellent

Description

Any investor with experience investing in equity markets for any period of time will note that bear markets are par for the course as a natural phenomenon in the investing world.

Investors who are realistic in their near to medium-term expectations can rest assured that after a near-decade-long bull market, some real downside volatility may be on the horizon. Predicting exactly when, how long, and how vicious such a downturn will be is impossible. That said, protecting your portfolio against the big, bad bear that may be around the corner is something which should be top of mind for investors who have experienced very nice gains in recent years.

As fellow Fool contributor Joey Frenette recently pointed out, "[playing with the house's money](#)" when investing in more speculative sectors such as the cannabis sector is prudent. Taking cash off the table and putting some of those well-earned profits on the sidelines in anticipation of an inevitable downturn is likely a very prudent move at this point. While all the bulls out there will scream "cash earns a negative return!" (which is true) having enough "dry powder" to take advantage of deals as they arise is key to more significant long-term returns.

After all, Warren Buffett's cash hoard of more than US\$116 billion should be an indication to all that the long-term investors out there are slowing down and waiting for deals to come up. In this market, rushing to buy companies with momentum could be catastrophic if the tides turn in short order (momentum affects both the upside and downside of a trade).

Here are three of the best defensive Canadian companies for investors worried about a bear market to consider:

Fortis

As far as utilities go, **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) remains one of the best long-term plays on the market today, for a number of reasons. First, the company's near-record string of dividend hikes over time have made this firm a dividend superstar, providing long-term investors with incredible yields over time. In a potential bear market, investors can expect interest rates to get slashed once again, making companies like Fortis very attractive.

Canadian Tire

Wait, a bricks-and-mortar company on my list of defensive names? Retail is changing, but for Canadians, buying household staples at a convenient location means shopping at **Canadian Tire Corporation** ([TSX:CTC.A](#)). This company has one of the best balance sheets in Canadian retail at the moment, as is making a number of strategic moves in the online space, meaning that this is one company that should have a significant buffer in the case of a bear market.

Restaurant Brands

On a budget, [grabbing two whoppers for \\$5](#) seems like a no-brainer. When budgets are constrained, instead of grabbing a **Starbucks**' coffee, sticking to **Tim Hortons** may make more sense. The product offering from Restaurant brands in and of itself is a defensive play given the price position of **Restaurant Brands International Inc.** ([TSX:QSR](#))([NYSE:QSR](#)) relative to its peers.

Stay Foolish, my friends.

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Author

chrismacdonald

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