3 Ultra-Safe Stocks to Buy Today — Before the Next Crash

Description

The **TSX Composite Index** has been on an absolute tear thus far in 2019, increasing approximately 14%. That's a solid result for the year, and we're less than a third of the way through it. It's shaping up to be a good year for investors.

But as we all know, large gains have a way of evaporating quickly. Nobody knows when the market will turn lower, either. The rest of the year might continue to deliver good results, or we might all be currently lulled into a false sense of security. That's the fun of investing. Nobody can accurately predict the future.

For most people, there's no reason to change your investment path. We're long-term investors, so short-term blips shouldn't concern us. But for some people, it's prudent to protect gains, like if they're nearing retirement age or planning a big purchase. Others just can't handle a big decline, so they should switch to a more conservative portfolio.

If that's you, then you'll be happy to read about these three defensive ideas for your portfolio. Don't delay. The time to act is now.

Bonds

Most low-risk stocks simply go down less than the market when a recession hits while still giving investors upside potential if the underlying economy continues to grow. Bonds take this a step further. As investors rush from stocks into the safety of bonds during periods of economic uncertainty, the asset class goes up in price. What a powerful thing to own if you believe that a recession is coming.

By far the easiest way for Canadian investors to gain access to the bond market is via exchangetraded funds. Two of the most popular are the **iShares Core Canadian Bond Universe ETF** (TSX:XBB) and an ETF I hold personally to protect against volatility, the **BMO Bond Aggregate ETF** (TSX:ZAG).Each of these products give investors access to a portfolio of hundreds of individual bonds, issued byboth government and high-quality corporate sources. And both funds do this for approximately 0.10%in annual management fees.

Holding a bond fund as part of a balanced portfolio offers another interesting perk. Since bonds, as a minimum, hold their value in a recession, investors who have a healthy bond allocation can sell their bonds during a big stock market sell-off and use the capital to buy undervalued stocks. They then replace those bonds once the market has recovered.

Fortis

Fortis Inc. (TSX:FTS)(NYSE:FTS) is a boring stock that can still make you rich.

Fortis is the owner of various local electric and natural gas utilities across Canada, the United States, and into the Caribbean. The company boasts more than three million customers who collectively helped it to generate $8.4 billion in annual revenue last year, which makes Fortis one of North America's largest utilities.

The dullness of the utility business is exactly what makes it so appealing when a recession hits. Things will have to get pretty bad before folks stop paying the power bill. Discretionary spending like eating at restaurants and buying new clothes is easily cut when times get tough, but nobody is going to sit in the dark.

Finally, Fortis pays an attractive 3.6% dividend, a payout the company has hiked annually since 1973.

Intact Financial

Like Fortis, **Intact Financial Corp** (TSX:IFC) benefits from having a product the average person isn't going to cut just because the economy took a dive. Intact is a property and casualty insurer, meaning that it insures both houses and cars against the many risks that can damage both.

After becoming the largest property and casualty insurer in Canada by far, nearly doubling the market share of its nearest competitor — Intact has now turned its focus to expanding into the United States. It acquired OneBeacon in 2017, spending some $2.3 billion to crack the largest insurance market in the world. Look for the company to make more acquisitions in the United States as opportunities present themselves.

Meanwhile, the stock offers a beta of 0.50, which indicates that it's half as volatile as the market in general. Investors aren't sacrificing long-term returns to get this stability either, with shares increasing 15.1% annually over the last decade with dividends reinvested. The stock currently offers a 2.8% yield.

CATEGORY

1. Dividend Stocks

2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:IFC (Intact Financial Corporation)
4. TSX:XBB (iShares Core Canadian Universe Bond Index ETF)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/09/10
Date Created
2019/03/21
Author
nelsonpsmith