Downside Protection With These 2 Stocks

Description

Fear has gripped the market as the trade conflict between the world's two largest economies seems to be worsening. With the chances of a resolution fading each passing day, investors are becoming fidgety. A trade war would have a nasty effect on the stock market. More so, it would slow down global economic growth.

Many stock traders are on the verge of pushing the panic button. But for long-term investors, it's time to re-balance portfolios. The preference shifts to individual stocks that can put up with a market decline. Investing in such stocks would not harmfully impact your long-term financial objectives.

The names **Atco** (TSX:ACO.X) and **Canadian National Railway** (TSX:CNR)(NYSE:CNI) are among the safest investments and ideal for downside protection. You can hold tight and not be overwhelmed by market volatility.

Bright spots while the market goes haywire

The stock market is not facing Armageddon but might go haywire by reason of a prolonged trade war. You should at least be thankful there are a couple of bright spots on the TSX. Your long-term perspective will not be disturbed.

If you want invincible investments, there are no better names than Atco and Canadian National Railway. Don't mistake them for growth stocks, because they're better. Both are dividend-growth stocks, which are exactly where you want your money to be in a falling market.

The two companies belong to the category of "Dividend Kings," the elite of the stock market. You're investing in the stocks for the dependable, uninterrupted stream of income for years. Price appreciation is not the primary consideration, although both stocks are performing well so far this year.

Atco belongs to and a subsidiary of the vaunted Atco Group of Companies. The more than seven-decade-old firm is boasts of 25 years of dividend growth with a 10-year average dividend-growth rateof 12.4%. The forward annual dividend yield is about 3.52%.

But setting aside the dividends, Atco's nature of business makes it a rock-solid choice and the safety net of discerning investors. This $5.2 billion utilities company operates in diverse segments from electricity, natural gas to coal and hydroelectric generating plants.

The rail and related transportation business of Canadian National Railway is equally important to people and their communities. Cities, ports, and major metropolitan areas in Canada and the United States are linked by this 100-year-old railway operator.

In terms of dividends, Canadian National Railway's track record is short of excellent. The company has 23 years of dividend growth and a corresponding 14.7% 10-year average dividend-growth rate. Its payout ratio of 31.97% is better compared to Atco's 50.15%.

Investments for the long haul

The world needs the diverse products of Atco now more than ever. However, there is no dead end for Canadian National Railway, as it continues to provide the most cost-efficient means of transportation. Be assured that these are not fair-weather stocks.

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