



A Market Crash Is Coming: Here's How to Protect Your Portfolio Today

Description

The markets are coming off a strong 2019 and the **TSX** is at all-time highs. For many stocks, valuations are extremely high and they're trading at significant premiums.

That alone makes it a less-than-optimal time to buy stocks. However, when you factor in the geopolitical concerns involving Iran, [Canada-China tensions](#) possibly deteriorating further this month and rising consumer debt levels posing risks for lenders, conditions may be ripe for a seismic correction on the markets.

Investors may be tempted to sell off their positions, take their gains and put them into bonds or other, less volatile investment options. It's not a bad idea given the uncertainty and the risk that exists today.

Where should investors put their money?

For investors who are concerned about where to invest their money, two good options are gold or utility stocks. Gold is often seen as a place to invest in when there's turmoil in the markets and rising gold prices could help make gold stocks an attractive buy.

Utility stocks, meanwhile, are attractive because they offer necessary services that consumers can't easily forgo, whether or not the economy is doing well.

A stock like **Fortis Inc** ([TSX:FTS](#))([NYSE:FTS](#)) is a great example of an investment that can offer investors a lot of stability. Over the past five years, its beta has averaged close to zero, indicating no relationship with the moves that the market has been making during that time. That can be a very valuable feature for a stock to have, especially if a downturn is around the corner.

Over the past year, Fortis stock has climbed by 22%, higher than the 18% that the TSX has risen by. If we spread that out to a five-year span then there's an even larger delta, with Fortis' returns reaching 34% while the TSX still at a more modest 19%.

Another reason why Fortis could be a great long-term hold, whether or not there's a recession is its [dividend](#)

, which currently yields 3.6% per year.

Not only does Fortis offer a decent dividend, but it has regularly been increasing them as well. Currently paying \$0.4775 every quarter, those payouts have increased by more than 19% from the \$0.4 quarterly payments that Fortis was making three years ago. That averages out to an annual dividend hike of more than 6%.

Bottom line

The **TSX** is in danger of seeing a correction take place this year. There are many headwinds that could wreak havoc for many stocks and for investors who don't want to jeopardize the returns that they've accumulated from a very profitable 2019, now is a great time to re-evaluate your portfolio and determine just how much risk you're willing to carry.

Corrections in the market can be sudden and happen without notice. All it takes is one big news event or development that can send the markets into a sell-off, and by then investors may simply be salvaging what's left of their positions.

Investing in stable investments like Fortis and other utility or gold stocks can be a way to insulate your portfolio from this potential adversity and help minimize losses along the way.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing

Date

2025/07/03

Date Created

2020/01/06

Author

djagielski

default watermark