Here Are 2 Utility Stocks to Buy and Forget in a Stock Market Crash

Description

The markets have already corrected, but it's never too late to play defence if you've yet to do so already. Fears of a coronavirus-driven recession are mounting, and with some big banks calling for more pain ahead, it'd only be prudent to be late to the defence party than to miss it entirely, as the markets look to fall into a tailspin.

Fortunately for investors seeking to build a more sound foundation for their portfolios, plenty of utility stocks sold off over the past week, as stocks as an asset class are now heavily out of favour. Without further ado, consider buying and holding the following two utility stocks on the recent pullback.

Fortis

When the markets head south, lowly correlated and highly regulated utilities like **Fortis** (TSX:FTS)(NYSE:FTS) are poised to outperform. As we saw during the 2007-08 collapse, Fortis suffered around half the amount of damage relative to most other stocks that were more dependent on the state of the economy.

Fortis is the epitome of a bond proxy, and any time the stock sells off on broader market jitters, its shares become a must-buy, especially for those who've yet to form a defensive foundation for their portfolios.

Fellow Fool Karen Thomas believes that Fortis is a top dividend stock to own after its better-than-expected quarter, and I think she's right on the money.

"Fortis is a top dividend stock that has many attributes that make it a stock to buy on weakness." said Thomas. "It is a defensive stock, a reliable dividend-growth stock, and a long-term stock that is here to stay for years to come."

After the coronavirus sell-off, Fortis stock is now 5% cheaper than it was just over a week ago, presenting income investors with a compelling entry point for those seeking to take some risk off the table.

Emera

Emera stock fell over 6.5% last week but bounced back sharply once the markets came to their senses. **Emera** (TSX:EMA) has a bountiful 4.2% dividend yield and is in a position to enjoy a bit of margin expansion, as management continues to pursue more regulated projects to lower volatility and improve the quality of its overall earnings.

Moreover, Emera has grown its dividend by a 9.6% compound annual rate since the beginning of 2015, making the company one of the premier "risk-off" dividend-growth stocks on the TSX Index. For investors who seek shelter from excessive volatility, Emera is a great place to hide in while you collect the rich dividend that has the capacity to double its dividend over the next decade, regardless of what recessions, shocks, or meltdowns happen along the way.

For Emera, it's going to be business as usual. And although the discount has shrunk after Monday's bounce, I still think investors should take the 4% discount as we head into what could be the last weeks of the bull market as we know it.

Foolish takeaway

If you're looking to take some risk off, now is as good a time as any, with Fortis and Emera stocks both down on the pullback in the broader markets. If you're looking for a better margin of safety and better downside protection, go with Fortis. And if you're looking for a bit more yield and defensive growth, go with Emera.

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