Retirees: 3 Safety Stocks to Buy As the Market Tumbles

Description

Many experts predicted 2020 to be a turbulent year, while some even forecast a recession. And while the **TSX** is on a monthly low right now, the market didn't plunge as a correction.

Instead, an external factor, coronavirus, has destabilized the market. A lot of people are dumping stocks back in the market because they believe the market is going to crash.

As a retiree, you may just want a stable passive income source. Or you may be looking to by the dip. Either way, it's smart to pick safety stocks, the companies that don't get buffeted too hard or too long when the wind starts blowing the wrong way.

A transportation company

Canadian Pacific Railway (TSX:CP)(NYSE:CP) is a decades-old railway company which became Canadian Pacific Railway after a major restructuring in 2001.

The company owns 20,100 kilometers of railway track within the country and the US. The company has a successful and safe transportation business, which, by its very nature, relatively safe from market movements.

The company is currently trading at $338 per share and offers a not-so-flattering yield of 1%. But you might like to know that the company increased its payouts by 137% in the past five years. Chances are whatever you earn now through dividends of the company could double within four years.

Another thing the company grew quite impressively is its market value. The 10-year CAGR of the company comes out to about 22%.

It's a stock that is rewarding in both directions, dividend-based income and capital growth.

A renewable energy company

TransAlta Renewables (TSX:RNW) is a $4.61 billion (market-cap) energy company. It has a decent portfolio of renewable and conventional energy facilities, divided chiefly between wind and gas in terms of generation capacity. The company owns 20 wind, 13 hydro, seven gas, and one solar facility. This translates to a total power generation capacity of over 2400 MW.

The world is slowly shifting from conventional power generation toward renewable power sources. And as a company with both capabilities, TransAlta may find this transitioning easy to bear than many other power generation companies.

As an energy provider, the company has very stable cash flows, which sustain its generous dividend payouts. Currently, the company is offering a juicy yield of 5.8%. It's also a Dividend Aristocrat and increased its payouts for six consecutive years.

Private mortgage insurers

Genworth MI Canada (TSX:MIC) is a $7.1 billion (assets) company that is the largest private mortgage insurers in the country. The company has been operating since 1995 and, over many years of operation, helped millions of Canadian families with homeownership. It's also a Dividend Aristocrat with a history of increasing dividends for ten consecutive years.

The company is currently trading at $53.58 per share. This is the result of 141% growth (dividend-adjusted) in the past five years and equates to an impressive CAGR of 19.27%. But the growth isn't the only reason to load up on that safe stock. Currently, the company is offering a mouth-watering yield of 8.4%.

Foolish takeaway

How investors evaluate a safe stock varies from person to person. But it's a good idea to take a look at the company's fundamentals. What business the company is in, what their management is like, what are the values that define its operational activities, does it have a strong balance sheet and dependable cash flows, etc.?

Investing in good businesses usually pays off. But evaluating a good business might require some research on your part as an investor.

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1. Dividend Stocks
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3. Investing

TICKERS GLOBAL

1. NYSE:CP (Canadian Pacific Railway)

2. TSX:CP (Canadian Pacific Railway)
3. TSX:RNW (TransAlta Renewables)

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