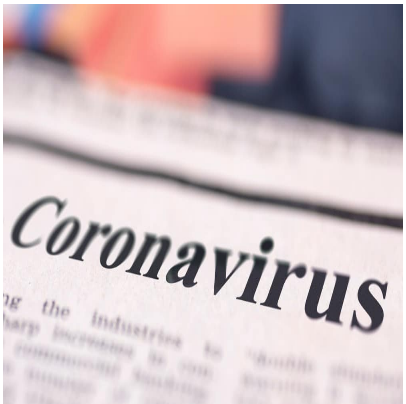

3 Ultra-Defensive Options to Combat This Market Crash

Description

Could things get a lot worse before they get better? You bet.

Have we hit bottom yet? Heck no.

These are the answers I give most of my friends when discussing the incredible volatility we've experienced of late. I've always been far more bearish than most. This view has been unpopular among some pundits, particularly during the past few years of this bull market. That said, I've tried in the past to promote truly Foolish, defensive investing strategies. I'm hoping investors keep this in mind as I share my top three ultra-defensive picks.

Pick #1: most defensive

For those investors out there who think we're headed for a "Great Depression 2.0" scenario, I've found a safe place for you to hide right now. The **Horizons U.S. 7-10 Year Treasury ETF** is my most defensive pick. With central banks around the world pumping liquidity into markets, and most of this liquidity coming in the form of massive, bond-buying programs (particularly in the U.S.), U.S. Treasury bonds are likely to remain in a zero or near-zero interest rate environment for the foreseeable future. This will push down the long end of the curve (7–10 years and longer). For those who are ultra-bearish and believe negative interest rates could be on the horizon, an ETF like this could explode higher in such a scenario.

Pick #2: very defensive

Interest rates are continuing to decline, in large part due to the incredible levels of aforementioned QE being pumped into financial markets. Despite this, bond-like proxies such as the Canadian telecommunications giant **BCE Inc.** have not performed as well as many, including myself, expected. As of late March, BCE indicated it intends to keep paying its dividend. Given the highly regulated and relatively stable nature of the company's core business, I'm not really seeing a reason for the sell-off of BCE stock.

Canada's telecommunications oligopoly is about as safe as it gets, in my view. The long-term secular growth trend which is to come (the 5G rollout) is not going to be postponed. In fact, it's already underway. Therefore, BCE is a great, highly defensive option for all investors to consider at these levels.

Pick #3: defensive

I've ranked **Fortis Inc.** as the "least defensive" of these three ultra-defensive picks. This is mostly due to the perceived commodity price risk which appears to be factored into Fortis' share price.

Despite being a utility business, the fact is this downturn has begun to affect projections of demand and usage in the near term. This has hurt the share price of stable giants like Fortis indiscriminately along with the broader market sell-off. That said, any investor who looks at the stock price of Fortis compared to nearly any other energy business in Canada will see how well this company's share price has weathered the storm. I expect Fortis to continue to outperform the broader market through this market turmoil. Therefore, this stock remains one of my top picks.

Stay Foolish, my friends.

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