How to Battle Plunging Markets: Get Defensive With These 2 Stocks

Description

As of late, a great deal of volatility has begun to take hold in financial markets. Inflation numbers have exceeded analysts' estimates, and it appears that the expectation of rate increases has made investors bearish today.

Accordingly, I think investors ought to adopt a more defensive approach to safeguard their portfolio value. For those looking to do so, here are two defensive plays to consider buying right now.

Royal Bank of Canada

For investors looking to add defensiveness to their portfolio, I think **Royal Bank of Canada** (TSX:RY)(NYSE:RY) is an excellent option. Indeed, this banking behemoth has been on my watchlist for quite some time. The Toronto-based company has a prudent business model with highly diversified operations.

Besides Royal Bank's personal and commercial lending segments, the company's wealth management and insurance divisions also contribute significantly to its earnings. Moreover, J.D. Power rates Royal Bank as Canada's highest-rated large bank this year for the second time in a row on the basis of customer satisfaction. This is noteworthy, considering customer satisfaction in the financial sector has been impacted during the pandemic.

Besides having an excellent business model, this company has top-notch fundamentals. Indeed, its EPS growth and dependable dividend income certainly appear to be attractive for investors today. Despite the pandemic-induced crisis, Royal Bank has reported high margins. Moreover, Royal Bank's capital ratios suggest that this bank has a strong liquidity position.

At the time of writing, this stock has a valuation multiple of 15-times earnings and an enticing dividend yield of 3.5%. This stock is an ideal option for conservative investors who are in search of a long-term holding.

Fortis

In my view, **Fortis** (TSX:FTS)(NYSE:FTS) is one of the safest options out in the market now. Indeed, this company is way ahead of its peers when it comes to dividend growth. There are few companies that can compete with Fortis's track record of dividend growth. After all, it has been increasing its dividend each and every year for nearly 50 years.

Moreover, Fortis provides a great deal of stability to investors. This company has secured favourable long-term contracts for its core utilities business. Accordingly, Fortis consistently generates cash flow which it invests in the company's operations or pays out as dividend. At the time of writing, this stock has a dividend yield of 3.7%, which is quite attractive, considering its history of dividend growth.

Even in this highly inflated market, it appears that Fortis will be able to generate double-digit returns over the long term. Accordingly, it continues to be one of my top defensive picks on the TSX today.

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