Worried About Market Corrections? 2 Low-Risk Stocks to Buy

Description

The **TSX** finished at 20,188.43 on July 23, 2021, a gain of 202.93 points (+1.02%) from last week's closing. Canada's primary index continues to advance, although reactions are mixed regarding the possibility of a market correction, if not a sharp decline. Investors must know that circumstances could change, especially if there are threats to the market's stability.

If you're worried about an impending downturn, panic isn't the solution. Every responsible investor prepares for any eventuality. Rebalance your portfolio while you can and shift to low-risk assets for capital protection. **Fortis** (TSX:FTS)(NYSE:FTS) and **NorthWest Healthcare Properties** (TSX:NWH.UN) have stable businesses that could endure a market decline. Similarly, both stocks will hold steady in the post-pandemic.

Safe haven

Fortis is a fantastic option because of its bond-like features and defensive qualities. The premier recession-resistant stock has no frills or surprises whatsoever. This $26.31 billion electric and gas utility company provides consistent dividend payments regardless of market conditions. It has also increased the yield for 48 consecutive years.

You won't see wild price swings as it hovers between $48.50 and $57.50 in the last 52 weeks. As of July 23, 2021, the share price is $56.06, while the dividend yield is 3.62%. Thus far, in 2021, current investors enjoy a 9.88% gain. The stock's total return in the last 33.6 years is 5,426.75% (12.69% CAGR).

Some market analysts describe Fortis as an ideal fixed-income substitute. The stock attracts income and risk-averse investors as well as retirees because the business model is predictable and low-risk. Cash flows are more than stable due to its highly regulated transmission and distribution businesses in Canada, the United States, and the Caribbean.

Management is confident that because of the long-term rate base growth, Fortis can support dividend growth. It plans an average annual increase of 6% through 2025. The healthy diversification of the utility assets (99% are regulated) gives this top-tier utility company a distinct advantage.

Only REIT in the cure sector

The focus of NorthWest Healthcare puts them in a good spot and the right segment of the healthcare sector. This $2.79 billion real estate investment trust (REIT) owns and operates medical facilities and the global footprint is growing. The assets are in Canada, Australia, Brazil, Germany, New Zealand, and the U.K. The U.S. market could be next.

NorthWest is a pure-dividend play because of the steady income streams to investors. The current share price is $12.96, while the dividend yield is a mouth-watering 6.17%. This REIT should be ideal in a Tax-Free Savings Account (TFSA) and Registered Retirement Savings Plan (RRSP).

The high occupancy rate (97%), high rent collections (98.6%), and weighted average lease term (14.3 years) are the defensive attributes of the only REIT in the cure sector. In Q1 2021 (quarter ended March 31, 2021), NorthWest's total assets under management (AUM) increased by 16.2% to $7.7 billion compared to Q1 2020.

For the rest of 2021, management's key priorities are to scale its global asset management platform and pursue geographic expansion.

Defensive assets

While a market correction is worrisome, it shouldn't cause you to lose sight of your financial goals or disrupt financial needs. The best strategy is to move to safer grounds or in companies with competitive advantages. Fortis and NorthWest Healthcare are outstanding defensive gems in the current market landscape.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/06/29
Date Created
2021/07/26
Author
cliew