



Worried About a Market Pullback? Buy These 2 Stocks Right Now

Description

The idea that a [market pullback](#) (significant or otherwise) has been around for some time. It's been a while since we've had a full-on market crash, so investors may rightly expect one sooner than later.

However, the catalysts underpinning this recent valuation expansion in equities may not be over. Investors betting on continued easy money policies and a growing economy have a lot to like about the outlook over the coming years. Accordingly, many high-growth stocks still are finding momentum today.

However, those seeking a more defensive approach may want to look at some undervalued defensive stocks. Two such companies that are on my radar right now are **Kirkland Lake Gold** (TSX:KL)(NYSE:KL) and **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). Let's discuss why.

Battle a market crash with Kirkland Lake Gold

Those truly worried about the potential for a market pullback will want to take a hard look at gold. As a store of value and a defensive hedge, gold has proven to be valuable in times of economic distress. Gold miners such as Kirkland Lake provide investors with even more leverage to the price of gold. In other words, this stock is a defensive hedge on steroids.

The company's recent earnings have been very strong, reflecting the robust price of gold recently. Analysts expect future earnings to come in even stronger, making the company's trailing 12-month [price-to-earnings multiple](#) of 12 seem ridiculously cheap.

Indeed, finding a gold miner with a higher-quality balance sheet than Kirkland Lake is a difficult task. Unlike many other overleveraged gold miners, Kirkland Lake has essentially zero debt. Additionally, the company has a massive (and growing) war chest it's been using to pay whopping dividend increases to investors in recent years. I expect more of the same from this high-quality miner, making the company's valuation simply too cheap for investors to ignore.

Indeed, Kirkland Lake's operational prowess, strong margins, and high-grade production are among the best in its class. This is a company I think has a valuation that doesn't make sense right now — in

a good way. Investors looking for value and defensiveness have a gold mine on their hands (figuratively and literally) with Kirkland Lake.

Fortis

Fortis is a superstar in the world of Dividend Aristocrats. This utilities company has one of the most impressive track records of dividend growth of any Canadian company, ever. Indeed, Fortis's nearly five-decades string of consecutive dividend hikes makes this stock an income investor's dream.

However, it's important to consider how Fortis has managed this over the years. The company has grown its cash flows substantially over time, primarily via organic growth in core markets. Fortis has become one of the biggest utilities players in North America, with an increasing focus on renewable energy generation. Thus, there remains a strong, yet modest, long-term growth thesis with this company. I expect continued cash flow growth over the long term to continue to fund dividend increases over time.

Those seeking meaningful, but safe, double-digit returns over the long haul can't go wrong owning Fortis.

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