2 Canadian Stocks to Buy in Volatile Market Conditions

Description

The Canadian stock market has been on a tear since its miraculous recovery from the pandemic-fueled selloff frenzy in February and March 2020. At writing, the **S&P/TSX Composite Index** is up by 70.05% from its March 2020 low. The benchmark index has been near or at new all-time highs throughout most of 2021.

With Canadian equity markets at such high levels, it is not unreasonable to worry about the possibility of a market downturn that could negatively impact your investment returns. Volatility tends to rise during uncertain market conditions.

There are fears of the Federal Bank rolling back its expansive monetary policies sooner than initially expected due to rising inflation rates. A slowdown in the recovery rate is also causing investors to worry. Dividend investing could provide you with the means to safeguard your investment capital in volatile market conditions without losing out on wealth growth.

Today, I will discuss two Canadian stocks to buy and hold in volatile market conditions for this purpose.

Telus

Telus (TSX:T)(NYSE:TU) is one of the leading operators in Canada's telecom sector. Telecom companies have a reputation for generating steady cash flows due to their growing and already large customer base and the necessity of the service that the companies provide.

Telus is aggressively investing capital in expanding its 5G infrastructure and broadband services. The company's 5G service already covered 36% of the population by mid-2021, and it plans to increase that figure to 70% by the end of the year.

The company has recently secured licenses to expand its 5G services in Alberta, Ontario, Manitoba, British Columbia, and Quebec. It has spent $1.95 billion on its 5G network so far, and it has the cash flows to fund further investments. The company has also been relying on other high-growth verticals to boost its financials in the next few years.

At writing, the stock is trading for $28.53 per share, and it pays its shareholders a juicy 4.43% dividend yield.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is one of my top picks for Canadian stocks I would add to my portfolio to combat the impact of volatile market conditions. The Canadian utility holdings company owns and operates 10 regulated utility businesses across Canada, the U.S., and the Caribbean. The low-risk nature of its business allows the company to generate predictable cash flows that it can use to fund its growing dividend payouts comfortably.

Fortis is a Canadian Dividend Aristocrat with a 47-year dividend-growth streak. Only one other company trading on the TSX boasts a longer dividend-growth streak. The company is currently investing in expanding its rate base. A boost in revenues in the coming years could mean that the company can easily continue funding its growing dividends for several years to come.

The essential nature of its services and operating in a highly rate-regulated environment mean that Fortis investors can earn virtually guaranteed shareholder dividends. At writing, the stock is trading for $57.71 per share, and it pays its shareholders at a juicy 3.50% dividend yield.

Foolish takeaway

There is no telling when the next market downturn might happen. However, it is always better to be prepared for it ahead of time and reposition your portfolio to mitigate the losses you might incur if that happens. Investing in the right Canadian stocks that possess the necessary qualities to weather volatile market conditions and ensure reliable shareholder returns is an ideal way to go.

Even if a broader market decline brings down the valuation for Telus stock and Fortis stock, the reliable dividend payouts from these two income-generating assets can continue to provide you with returns until the stocks recover.

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