3 Stocks to Buy if You Think Trouble Is Looming

Description

The TSX fell below 20,000 at one point during trading to start the first full week of the month. Canada's primary stock market benchmark eventually closed at 20,052.30 on October 4, 2021, a nearly 100-point drop from the previous session. Some observers say the market's erratic behaviour in recent weeks spells trouble.

There's downward pressure on stocks, particularly rising inflation. Investors are beginning to revisit their positions to see whether the investments can hold up in times of uncertainty. However, if you own shares of **Canadian Utilities** (TSX:CU), **Fortis** (TSX:FTS)(NYSE:FTS), or **Royal Bank of Canada** (TSX:RY)(NYSE:RY), there should be less worry.

Longest dividend-growth streak

Canadian Utilities is 94 years old and one of Canada's largest utility companies, **Atco**, has a 52% ownership stake in the $9.25 billion firm Calgary. Many income investors have this utility stock as its core holding, because it boasts the longest dividend-growth streak. The company has raised its dividend for 49 consecutive years.

Besides Alberta and northern Canada (Yukon and Northwest Territories), Canadian Utilities serve customers in Australia, Puerto Rico, and Mexico. The energy infrastructure provides transmission (electricity, natural gas), distribution, and development services, including energy storage and industrial water solutions.

The retail energy segment delivers energy to homes, businesses, and industries. Its current $3.5 billion capital investment plan (2020 to 2022) aims to grow further the diversified portfolio of utility and energy-related infrastructure assets. Canadian Utilities trade at $34.40 per share (+14.96 YTD) and pays a juicy 5.14% dividend.

Dividend growth through 2025

Fortis is second to Canadian Utilities regarding the dividend-growth streak. This $26.37 billion electric and gas utility company is a Dividend Aristocrat owing to 47 straight years of dividend increases. The share price is $55.97 (+10.65% YTD), while the dividend yield is 3.83% if you invest today.

The St. Johns-based company derives 60% of revenue from the U.S. markets. The rest comes from Canada and a few from the Caribbean. Because 99% of the utility assets are regulated, cash flows are never a concern. Only 1% of the portfolio is non-regulated. Thus, even if the stock price dips, the dividend payments will continue.

Fortis's expansion and diversification are ongoing to increase its rate base. The target is $40.3 billion in five years. It's the reason management has promised an annual dividend growth of 6% through 2025.

No convincing required

I don't need to expound on RBC's viability if dark clouds hover above the stock market. Canada's largest bank is a bedrock of stability. The $179 billion bank will not disappoint investors come hell or high water. RBC has been through the worst recessions and market disturbances.

You're investing in RBC for peace mind, financial strength, and uninterrupted income streams. Canadian Utilities and Fortis are number one and two in dividend-growth streaks, but the bank's dividend track record is 15 decades plus one year. You can purchase the bank stock today at $126.20 per share (+24.09% YTD) and partake of the 3.43% dividend. Also, the payout ratio is less than 45%.

Established safety nets

The ups and downs of the TSX since posting a record high on September 3, 2021, signal the end of its hot streak in 2021. A bear market looms large in the fourth quarter. Rebalance or do more with your investments to create established safety nets.

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2. NYSE:RY (Royal Bank of Canada)
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