3 Defensive Stocks to Hold in Case of a Market Correction

Description

Market downturns aren't fun to experience. Depending on how aggressive your portfolio is, investors could expect to see major losses when the market corrects. In fact, growth investors may have seen large dips in certain positions over the past couple months. In order to protect their portfolios, some investors will turn to low beta, defensive companies. These positions can help provide stability during periods of high volatility. Which three defensive stocks should you hold in case of a market correction?

This is an excellent stock to hold in any economic condition

When looking for stocks that could provide stability to your portfolio, investors should consider those which operate in industries that aren't affected by economic slowdowns. For example, regardless of what happens to the economy, society will continue to rely on utility companies to keep everything in operation. As a result, companies like **Fortis** (TSX:FTS)(NYSE:FTS) are regarded as a solid, recession-proof business.

Fortis provides regulated gas and electric utilities to about 3.4 million customers across Canada, the United States, and the Caribbean. Because of the predictability and reliability of its business, Fortis has been able to build a very impressive dividend growth streak. In fact, the company's 47 consecutive years of dividend increases rank as the second-longest active dividend growth streak in Canada. If you're looking for a stock to rely on during market downturns, consider Fortis.

One of the most reliable industries

Canada wouldn't be the same without the development of the railway networks that spread across the country. Using that revolutionary method of transport, Canada was able to sprawl out from coast to coast. Today, while there are many forms of transport, rail transport still serves as the best method for moving a large number of goods over long distances. Interestingly, the Canadian railway industry is dominated by a duopoly. Of that duopoly, **Canadian National Railway** (TSX:CNR)(NYSE:CNI) may be the best choice.

Canadian National operates nearly 33,000 kilometres of track across Canada and the United States. In terms of portfolio stability, investors can expect much of that from Canadian National. The stock has a beta of 0.65, indicating that it is much less volatile than the broader market. Canadian National is also a remarkable dividend payer, having increased its dividend distribution for the past 25 years. If you're interested in a blue-chip company, Canadian National would be a great option.

You can count on this company

One industry that doesn't get enough attention for its recession-proof characteristics is the waste removal industry. Regardless of what happens to the broader economy, businesses and homes alike will continue to depend on these companies to keep their communities clean. As a result, companies like **Waste Connections** (TSX:WCN)(NYSE:WCN) should be considered for your portfolio.

Like Canadian National and Fortis, Waste Connections is another Canadian dividend aristocrat. The company has managed to increase its dividend in each of the past 11 years. In addition to that, Waste Connections stock has done an excellent job of appreciation over the past year, gaining 29%. This isn't a glamourous company by any standard, but there are a lot of positives to like. Waste Connections deserves a good look by all investors.

CATEGORY

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2. NYSE:FTS (Fortis Inc.)
3. NYSE:WCN (Waste Connections)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:FTS (Fortis Inc.)
6. TSX:WCN (Waste Connections)

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Date
2025/09/08
Date Created
2021/12/01
Author
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