



2 Safety Nets to Own in Case of a Pre-Endemic Market Selloff

Description

The Omicron crisis is proof that the pandemic is far from over. While cases continue to surge globally, some predict this new COVID variant is a less-virulent virus. It could also be the prelude to an endemic environment. However, a [market selloff](#) is still possible before we reach an acceptable steady state.

Investors should prepare for any eventuality and be ready with their [safety nets](#). If you have time to rebalance your portfolio, pick up shares of **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) and **Alimentation Couche-Tard** ([TSX:ATD](#)). The stocks will hold steady regardless the economic environment. Even the dividend payouts should also be safe and uninterrupted.

Sustained inflation

Besides the pandemic, rising inflation could unsettle the market. **Royal Bank of Canada** CEO David McKay doesn't think the recent acceleration of inflation was transitory. He said the Bank of Canada needs to take "rapid action" with multiple interest rate increases to bring inflation under control.

McKay added, "This is permanent, sustained inflation that has to be dealt with through monetary policy, and therefore, we need rapid action this spring as a series of rate increases to address it." Some analysts say there should be at least five rate hikes, with the first on January 26, 2022.

Sam Stovall, the chief investment strategist at CFRA Research, expects the consumer price index (CPI) to peak around 7.1% in 2022 and decelerate to 3.2% year-end.

Long-term, profitable growth

Fortis is the top-of-mind choice of risk-averse investors. The \$27.83 billion company oversees diverse affiliated companies, including 10 affiliated electric and gas operations. This top-tier utility stock is a defensive asset, given the regulated, low-risk, and diversified business model.

Management has increased its dividends from 48 consecutive calendar years. Now is also the best the

time to own the stock. Fortis has a promise to hike dividends by approximately 6%, on average annually, through 2025. The company should have no problems delivering on its [commitment to shareholders](#).

David Hutchens, Fortis president and CEO, said the new five-year capital plan (2022 to 2026) of \$20 billion is the company's largest to date. Hutchens added, "The new plan is highly executable with approximately 85% consisting of relatively small projects." At \$58.86 per share, the dividend offer is a respectable 3.62% dividend.

Multiple avenues for growth

RBC recently released its top 30 global stock picks for 2022. Alimentation Couche-Tard is one of seven Canadian firms that received a thumbs up from Canada's largest bank. According to RBC analyst Irene Nattel, the \$53.81 billion multinational operator of convenience stores has multiple avenues for growth.

Couche-Tard currently has 14,200 stores in 26 countries and territories. Nattel said the recent acquisition in Asia gives the company another platform for acceleration growth. In December 2021, Couche-Tard acquired the assets of Pik Quik in the state of New Mexico. According to management, the 19 high-quality, well-run sites fits perfectly with Couche-Tard's existing network.

Alex Miller, Couch-Tard's EVP for Operations in North America, said, "With this acquisition, we will be able to build on our strong network in the state." The consumer-defensive stock trades at \$50.67 per share and pays a modest 0.87% dividend. RBC forecast a 48% return potential to \$74.99 by early 2023.

Safety nets

Overcome the uncertainties with Fortis and Couche-Tard. The safety nets offer capital protection and recurring income streams.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:ATD (Alimentation Couche-Tard Inc.)
3. TSX:FTS (Fortis Inc.)

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