



2 Safe Stocks to Buy if You're Worried About a Market Pullback

Description

2022 began with plenty of uncertainty that carried forward from last year. As the year progresses, the world slowly moves into a post-pandemic era. However, that does not mean an end to factors contributing to volatile stock market environments.

Inflation rates hit 5.1% in January 2022, and the Bank of Canada (BoC) finally announced [interest rate hikes](#) to begin combatting the inflationary environment. The rise of geopolitical tensions in Europe after Russia launched an invasion into Ukraine on February 24, 2022, and resulting sanctions could lead to more inflation before settling down.

These factors will not just impact your investment returns; they might make it challenging for the broader global financial markets. Repositioning your self-directed portfolio to prepare it for the possibility of a market pullback could be the need of the hour for investors right now.

Today, I will discuss two [undervalued stocks](#) that could offer the safety net you need to offset some of the losses from the stock market uncertainty.

Emera

Utility businesses are some of the best investments when investors look for ways to shore up their portfolios against market volatility. **Emera** ([TSX:EMA](#)) is one such stock to consider. Emera is a \$15.68 billion utility holding company headquartered in Nova Scotia. Regulated utility businesses represent stability during volatile markets.

Combined with predictable cash flows, Emera stock's low-risk business structure makes it a potentially excellent investment for risk-averse investors. Emera stock trades for \$60.41 per share at writing, and it boasts a 4.39% dividend yield. It lacks the potential for solid capital gains during bull markets, but it makes up for that through its rock-solid stability during harsh economic environments.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) is also a utility business. The \$12.93 billion market capitalization regulated utility business also owns and operates an extensive portfolio of renewable energy assets. Its facilities span throughout North America. It offers gas, electricity, and water utility services, making its already low-risk business model even safer through diversification.

The company boasts a growing renewable energy portfolio that sets Algonquin Power apart from other utility businesses. Renewable energy is a low-risk business, but it boasts strong growth potential due to the growing demand for greener energy. As the world increasingly shifts towards renewable power sources, Algonquin stock will have a very long growth runway to capture.

At writing, Algonquin stock trades for \$19.31 per share, and it boasts a 4.50% dividend yield.

Foolish takeaway

[Higher-risk growth stocks](#) continue to sell off, as uncertainty causes strife in the stock market. Businesses deemed to have resilient operations and offer long-term growth potential appear to be more attractive investments in the current market environment. Utility businesses boast some of the most reliable business models, generating predictable and reliable cash flows during all market conditions.

Consider investing in Emera stock and Algonquin Power stock if you are looking for a hedge against market volatility while enjoying long-term wealth growth.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:EMA (Emera Incorporated)

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