2 Dependable Stocks to Buy in a Volatile Market

Description

There's no question that it's been a bumpy ride for Canadian investors in 2022. In fact, volatility has been spiking for most of the past six months. The **S&P/TSX Composite Index** may be positive on the year, but there's plenty of uncertainty in the market's short-term performance.

It's difficult to predict short-term movements in the stock market in the calmest of environments. Today, there are several major catalysts that have been contributing to the market's recent volatility.

The ongoing effects of the pandemic, geopolitical tensions, and now rising interest rates are three reasons why I'm a long-term investor. Good luck trying to predict where the Canadian stock market will be trading by the end of 2022.

Investing in dividend stocks

Even though I may be focused on the long term, I'm not immune to the effects of volatility. It certainly hasn't been easy for me to watch some of my top holdings get cut in half over the past six months.

Anyone that's invested in high-growth tech stocks is likely feeling the same type of pain as my portfolio has over the past few months.

One way to help offset volatility in an investment portfolio is through a passive-income stream. Passive income won't help drive the prices of my beaten growth stocks back up but it will soften the blow of the losses in my portfolio.

Dividend stocks are a simple way to quickly build a passive-income stream. And fortunately for Canadian investors, the TSX has no shortage of dependable Dividend Aristocrats to choose from.

Here are two top dividend stocks that are perfect for anyone new to passive-income investing.

TSX stock #1: Algonquin Power

There are two reasons why I have **Algonquin Power** (TSX:AQN)(NYSE:AQN) at the top of my own watch list right now. The first is passive income; the second is defensiveness.

At today's stock price, there aren't many other Canadian dividend stocks with a higher yield than Algonquin Power. The company's annual dividend of $0.85 per share currently yields just shy of 4.5%.

From a passive-income point of view, this utility stock is a top pick. But it's the defensiveness that the company can provide a portfolio that has it on my own watch list.

The dependable nature of the utility industry often translates into low levels of volatility. Utility stocks may not be the most exciting companies to invest in but they can help keep volatility low in a portfolio.

If you're like me, over-indexed towards high-growth tech stocks, owning shares of a defensive utility stock like this would be a wise idea.

TSX stock #2: Sun Life

Speaking of boring but dependable industries to invest in, I've got one of Canada's top insurance providers on my radar.

In addition to providing insurance, **Sun Life** (TSX:SLF)(NYSE:SLF) also offers its global customers a range of different wealth and asset management services.

Similar to Algonquin Power, Sun Life pays a top yield that's currently yielding just shy of 4% and can also help balance out high-risk growth stocks in a portfolio.

Shares may be trading close to all-time highs, but this is still a reasonably priced stock. At a forward price-to-earnings ratio of 10, Sun Life offers its shareholders a whole lot for a very low cost.

CATEGORY

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TICKERS GLOBAL

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:SLF (Sun Life Financial Inc.)

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ndobroruka