2 Lower-Risk Stocks to Buy for a Market Correction

Description

Are you new to investing in the stock market and worried about what will happen to your money amid the market downturn? The **S&P/TSX Composite Index** is down by 14.33% from its 52-week high at writing. While the Canadian benchmark has slightly improved after falling by almost 16% from its all-time high, the fears of a market crash are still plaguing stock market investors.

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As a beginner, it might be better to invest in assets that are likelier to provide you with a degree of protection from the market downturn. Finding recession-resistant businesses capable of generating cash flows regardless of broader market conditions could be an ideal way to hedge against market uncertainty.

Today, I will discuss two such lower-risk stocks you can consider adding to your investment portfolio.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a $28.90 billion market capitalization utility holdings company that owns and operates several utility businesses. The company generates revenues by providing natural gas and electricity to over 3.4 million customers across Canada, the U.S., Central America, and the Caribbean.

It generates most of its revenues through highly rate-regulated and long-term contracted assets. Fortis earns stable and predictable cash flows. The essential nature of the service it provides virtually guarantees strong revenue for the company each quarter.

Fortis stock trades for $60.69 per share at writing, and it boasts a juicy 3.53% dividend yield. It is also a Canadian Dividend Aristocrat with a 48-year streak of consecutive dividend hikes. The company's robust and stable cash flows allow its management to continue comfortably delivering dividend hikes. It could be an excellent addition to your investment portfolio.

BCE

BCE (TSX:BCE)(NYSE:BCE) is a $57.59 billion market capitalization telecom company that offers an essential service like Fortis stock. BCE is Canada's largest telecom provider, and it enjoys a leading position in a largely consolidated industry.

The company's track record of delivering dividend hikes is strong. It has grown its shareholder dividends at a CAGR of around 5% for the last 10 years. BCE looks well positioned to continue delivering growing dividend payouts.

BCE stock trades for $63.37 per share at writing, and it boasts a juicy 5.81% dividend yield. Regardless of what is happening in the broader economy, telecom businesses like BCE can generate reliable cash flows. It provides an essential service, making its revenues resistant to the impact of a pandemic. Strong financial performance means that BCE stock can reliably continue funding its dividend payouts.

Foolish takeaway

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It is important to remember that regardless of reputation, no dividend stock is 100% guaranteed to pay out. Dividend-paying companies are not legally obligated to pay their shareholders their dividends. However, dividend stocks with an excellent track record of disbursing payouts to their shareholders offer a more secure option for you to consider if you seek dividend income.

Owning ultra-safe and high-quality dividend stocks also offers you the benefit of wealth growth through capital appreciation. If you want to add income-generating assets you can buy and hold for the long term in your portfolio, Fortis stock and BCE stock could be excellent investments to build strong foundations for such a portfolio.

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