2 Safer Stocks to Buy in a Bear Market

Description

Are you new to stock market investing? Investing during a market crash or a downturn can be quite tricky for even the most experienced stock market investors. Deciding on which stocks to add to your self-directed portfolio in such a market environment as a new investor is even more daunting.

Many seasoned investors recognize these bear market conditions as opportunities to invest in high-quality stocks for considerable discounts. The idea is to add shares of high-quality companies at low prices to grow your wealth through capital gains when the stock market eventually recovers.

If you are new to investing, it might be better to consider looking for stocks that have resilient underlying businesses. Companies that can continue generating stable cash flows during harsh economic environments are likelier to post stronger recoveries when the dust settles. Many of these high-quality and resilient stocks are less volatile than others on the stock market.

Today, I will discuss two **TSX** stocks you could consider adding to your portfolio if you want to buy relatively safer stocks amid a bear market.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a $29.08 billion market capitalization utility holdings company that owns and operates several utility businesses across Canada, the U.S., the Caribbean, and Central America. Fortis generates most of its revenue through highly rate-regulated and long-term contracted assets.

Its cash flows are predictable, and the essential nature of its services effectively guarantees stable revenues for the company.

Fortis stock trades for $60.16 per share at writing, and it boasts a 3.56% dividend yield. Despite the resilient nature of its underlying businesses, Fortis stock is down by 7.52% from its all-time high in May 2022, inflating its shareholder dividends.

The Canadian Dividend Aristocrat has a 48-year dividend-growth streak, and it looks well positioned to continue delivering dividend hikes in the coming years. It could be a safe bet to consider for your self-directed portfolio amid the bear market.

Loblaw Companies

Loblaw Companies (TSX:L) is a $39.55 billion market capitalization Canadian retailer headquartered in Brampton. The company owns and operates a network of over 24,00 stores focusing on food and pharmacy market segments.

It has seven major brands under its health and wellness segment, while its food segment comprises 18 brands. Its business is resilient due to the essential nature of the industry it is in, making it a reliable stock during bear market environments.

Loblaw Companies stock trades for $118.89 per share at writing, and it boasts a 1.36% dividend yield. The company's financially stable business makes it an ideal investment to consider during market downturns. Despite its strong growth after the pandemic, it is modestly valued, and its financials suggest the potential for further growth when market conditions improve.

Foolish takeaway

Many investors tend to take their money out of the stock market during market downturns to protect their capital from losses. However, these bear market environments are a part of the cyclical nature of stock markets. These phases come and go, and most high-quality companies tend to recover once the downturns subside.

Investing in shares of high-quality and resilient businesses during downturns gives you the opportunity to capitalize on discounted prices for significant long-term gains. Fortis stock and Loblaw stock are two such companies you can consider adding to your investment portfolio.

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2. Investing

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3. TSX:L (Loblaw Companies Limited)

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