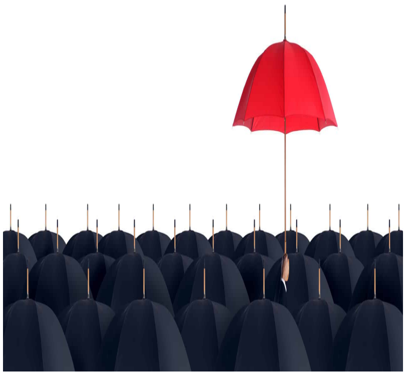

2 TSX Stocks Safer for Investing in a Bear Market

Description

Let's be crystal clear. In a bear market, I dare say that all stocks are bound to fall at some point. Right now, even quality dividend payers like large utility stocks are falling, which suggests a peak business cycle. Don't get me wrong, though. I'm not suggesting that there's no stock safe to invest in a bear market.

In fact, during bear markets, it's the best time to invest your money if you have a long-term investment horizon because in this period, you can invest at bargain valuations. Ration your excess cash cautiously and spread your capital to space out your investment purchases to aim for a lower average cost basis as stocks get cheaper.

With that said, here are a couple of TSX stocks that are safer for investing in a bear market. Specifically, you can expect them to recover and make you wealthier over time with no suspense.

RBC stock

Investors should buy **Royal Bank of Canada** (TSX:RY) shares on weakness. It is a large Canadian bank with a diversified business. In fact, it has the largest market cap of about $173 billion among the big Canadian bank stocks. Its diversified business consists of personal and commercial banking, wealth management, capital markets, insurance, and investor and treasury services.

RBC has unbeatable staying power. It brings in annual net income of over $15 billion. And it has a payout ratio of about 43%. So, investors can have peace of mind holding its shares while collecting safe dividend income. At about $124 per share at writing, the bank stock offers a dividend yield of over 4.1%.

As there's still a long way off to hit the target inflation rate of about 2%, central banks in the Canada and the U.S. raising interest rates to curb inflation would further dampen economic growth. In turn, investors could potentially pick up RBC's quality shares at a yield that's closer to 5% on further downside.

Fortis stock

Fortis (TSX:FTS) stock has been under immense pressure, selling off more than 6% last week alone. It's more than 18% down from its 52-week and all-time high. High inflation makes slow-growth utilities less attractive as investments. Rising interest rates also don't bode well for their capital-intensive businesses.

In a bear market, it'd sell off as well, but as a quality, predictable utility that has increased dividends for close to half a century, it will be one of the first stocks to recover. At $52.48 per share at writing, Fortis stock is beginning to look attractive with a nice dividend yield of over 4.3%.

Fortis has a multi-year, low-risk capital program that supports healthy dividend growth of 5-6% per year through 2025.

Food for thought

The hard part about investing in a down market is that in the near term, stocks are likely to get cheaper. But keep in mind that it's impossible to buy at the market bottom. Investors would do well to buy at a low — *any low* — and hold over the next three to five years, if not longer. The discussed stocks should be easy holds, given their solid businesses and nice yields that provide safe and growing dividends over time.

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2. Stocks for Beginners

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:FTS (Fortis Inc.)
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