Three Safe Ways to Protect Your Portfolio Today

Markets have been volatile.

With Russia's invasion of Ukraine, inflationary threats, a potential recession, and likely interest rate hikes on the way, investors are terrified. Plus, with oil prices now above $110 a barrel, there are concerns pump prices could substantially curb consumer spending.

And unfortunately, no one is quite sure what comes next.

While it would be easy to run for the exits, sit tight and protect your portfolio until the tension fades. The last thing you want to do is run from markets that are historically resilient.

Should markets fall apart, here are three ways to protect your portfolio.

NextEra Energy (NEE)

Should markets pull back, some of the most stable investments can be found in utility stocks. After all, demand for utility services will always remain intact, even in the worst of times.

Look at NextEra Energy, for example.

For one, the company provides a basic need service – electricity. Plus, since demand for electricity doesn't change a lot from one year to the next, the company is insulated. Two, the company has generated a positive total for investors in 19 of the last 20 years. Three, the company carries a dividend yield of 2.03%.

Analysts seem to like the NEE stock, too. BMO Capital analysts for example raised their price target on NEE to $98 from $89 with a outperform rating on the stock.

Costco Wholesale (COST)

Another safe stock to consider in market downturns is Costco Wholesale.

With a dividend yield of 0.61%, COST sells needed products that consumers must have no matter how well or how poorly the economy is doing. In fact, no matter how steep of a downturn, consumers still need soap, detergent, toothpaste, toilet paper, food, etc. All can help provide a steadier and far more predictable cash flow for COST.

SPDR S&P 500 Dividend ETF (SDY)

One of the best ways to diversify at less cost is with an ETF, such as the SPDR S&P 500 Dividend ETF (SDY) – which, since inception has returned about 9% average gains per year.

Even better, the ETF invests in companies that have consistently increased their dividends each year for the better part of the last 20 years. That includes AT&T, AbbVie Inc., Exxon Mobil Corporation, Chevron Corporation, National Retail Properties, IBM, and Cardinal Health to name a few of the top ones. Plus, the ETF carries a dividend yield of 2.68%.