



Protect Your TFSA With These Reliable Dividend-Paying Value Stocks

Description

September is a pretty scary time to be in the markets. The Financial Crisis of 2008 and the collapse of 1987 both started with a rough September, ultimately leading to very sharp losses in the ensuing months.

While we're definitely overdue for a recession, I think investors would be wise to stay the course rather than attempt to time the markets. Timing the markets is a loser's game, and here at the Motley Fool, we're all about the long-term game. So, instead of worrying about whether or not we're on the verge of the next crisis, roll with the punches, but make sure you have enough dry powder on the sidelines and be ready to make money while others lock in their losses

A great way to protect your portfolio from an impending disaster is to load up on low-beta, defensive dividend stocks that have shown in the past that they can withstand crashes while continuing to reward investors with dividend payouts. Without further ado, here are two top stocks that are a perfect way to set your TFSA portfolio's defences:

Emera ([TSX:EMA](#))

This utility firm is engaged in electricity generation, transmission, and distribution. It has a promising portfolio of natural gas assets that look compelling versus less environmentally friendly fossil fuels that'll likely be phased out over the course of the next decade.

Approximately [three-quarters of the company's net income](#) is regulated, so income investors need not worry about a dividend reduction should economic hardships be on the horizon.

Emera's bountiful 5.7% dividend yield will undoubtedly dampen volatile times, and after the recent correction in shares, the stock trades at a ridiculously modest multiple that'll likely limit your downside come the next economic downturn. Shares trade at a 14.3 forward P/E, a 1.4 P/B, a 1.5 P/S, and a 5.9 P/CF, all of which are considerably higher than the company's five-year historical average multiples of 19.6, 2.1, 2.0, and 8.5, respectively.

Fairfax Financial Holdings ([TSX:FFH](#))

The man behind Fairfax, Prem Watsa (a.k.a. the Canadian Warren Buffett), is one heck of an investor. He's primarily been known as a doomsday investor and has been known to [hedge his bets](#) to provide downside protection to his firm.

Building wealth in the safest way possible is his forté, but since Trump's presidential victory, Watsa's stance taken a bullish turn. And that's disappointed many of his bearish followers, many of whom may be looking for a holding that'll provide them protection (and perhaps gains) come the next economic downturn.

Sure, Fairfax isn't the same "bomb shelter stock" it used to be, but make no mistake. Watsa still has downside protection on his mind, as he's not one to go all-in on one side of the coin. The man has called for deflation in the past, but clearly, he's a fan of Trump, and that deflation will probably be postponed for a considerable amount of time down the road.

Deep-value investing is hard. If you don't do your homework, you'll end up with a value trap. Fortunately, with Fairfax, you're getting a seasoned vet that's able to spot tremendous opportunities amid the wreckage. Case in point: Canadian Toys "R" Us locations.

The 1.8% may seem unrewarding, but when you consider the dividend growth that you'll enjoy come the next crash, Watsa can and probably will give shareholders a fat raise to spite Mr. Market.

Foolish takeaway

Whether you want a cheap stock with a fat dividend yield or a "bomb shelter" stock with the ability to hold its ground in the event of a crash, both names will help your TFSA portfolio beat the Street once the panic inevitably returns!

Stay hungry. Stay Foolish.

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