



Crash-Proof Your TFSA Portfolio With These “Steady Eddie” Dividend-Paying Stocks

Description

If you woke up in shock after checking your stocks these last few days, you're not alone. The losses have been steep, and while it's easy to let fear take control, it will do you no good as you're more likely to sell at a time you should be buying when the markets exhibit a rare, temporary bout of inefficiency.

With fear in the Streets, investors who seek to beat the market should rejoice in spite of the fact your portfolio may be down more than it's been throughout your investment career.

Why?

Others are in the same spot, however. Margin traders are experiencing an even more dire scenario. As their margin calls come in, investors have an opportunity to buy deeply discounted stocks that could realistically correct to the upside after Mr. Market seizes control of his emotions.

So, what's rattled the markets? [Jay Powell's hawkish tone](#), escalating trade war fears, soaring bond yields, and less-than-perfect economic data.

All four factors have many investors running for the hills. Powell thinks the economy is “very strong” when in reality, there are some subtle dents in a select few pieces of economic data. To put it simply, the U.S. economy isn't strong enough to warrant an “auto-pilot” rate hike schedule over the next year to combat inflation.

Moreover, the trade war between the U.S. and China could hurt the results of many companies in the year ahead. And as Powell continues hiking rates, higher bond yields are causing stocks to plummet.

With the elevated recession risk, I think it'd only be prudent to take money off the table on your [cyclical names](#) if you've found you're overweight in the category. If you don't have a cash reserve handy, you may want to build one, so you can buy the bargains that are starting to pop up across the **S&P/TSX Composite Index** (TSX:^OSPTX).

When it comes to bargains, seek blue-chip defensive stocks and take a rain check on the high-growth

and speculative names, as I think they're going to continue to cool off as value once again takes command.

Consider stocks like **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) and **Park Lawn** ([TSX:PLC](#)), two resilient stocks that will be minimally impacted from a Fed or trade war-induced recession.

Algonquin

Algonquin is in the business of renewable energy with promising utility assets including a water utility located in the U.S. When it comes to stability, the only thing more reliable than power utilities is water. Everybody needs water, and it doesn't matter if we're in a recession or depression, clean water is the most valuable commodity that's necessary to sustain life.

While Algonquin deals with the main ingredient to sustain life, Park Lawn deals with death as the only publicly-traded death care provider in Canada. Park Lawn is in the morbid business of dealing with funerals, cremations, and all the things that we all don't want to talk about.

Park Lawn

Baby Boomers are ageing, which is paving the way for a generational opportunity for Park Lawn as it continues to consolidate the very fragmented death industry in which there are ample synergies to be unlocked by Park Lawn's capable management team.

Simply put, Park Lawn's business is booming. And it doesn't matter what the state of the economy is, as death is the only thing that's guaranteed in life.

Foolish takeaway

The markets have been rattled, and the future looks uncertain, but that doesn't mean it's time to dump your stocks. It's merely time to rebalance if you haven't done so already. And if you've got dry powder on the sidelines, it's time to put it to work in prudent non-cyclical stocks that pay a dividend.

Algonquin and Park Lawn have 5.2% and 1.9% yields, respectively, and the ability to hike them at a time when other companies are slashing theirs.

Stay hungry. Stay Foolish.

CATEGORY

1. Dividend Stocks
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:PLC (Park Lawn Corporation)

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Date

2025/08/26

Date Created

2018/10/12

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