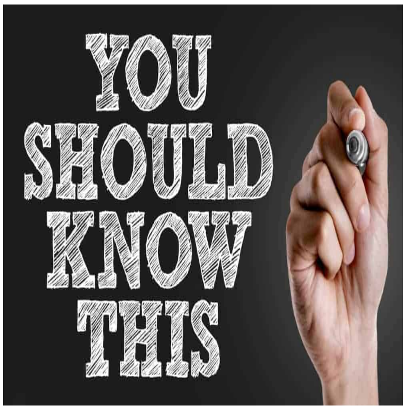

Recession Looming? Protect Your TFSA Wealth With These 2 Stocks

Description

The markets have been roaring to all-time highs, and those recession fears you've been hearing about ad nauseam over the past year have finally been drowned out following a solid season of earnings. Just because everybody is suddenly bullish doesn't mean you should let your guard down, though.

Many of the worries we had several weeks ago could still cause a quick reversal of fortune. So, if you're still wary and are thinking it's time to get out of the market at its new highs, looks to the following recession-resilient stocks instead.

They can have your back in a bear market, so without further ado, here they are:

Fortis

If you've tuned into the financial media of late, you've probably heard a pundit bashing the defensive dividend stocks, saying "bond proxies are in a bubble," just because the markets are roaring and the defensives have been giving up ground.

Low-bond yields may have paved the way for overvaluation in specific sectors of the Canadian market. Still, utilities like **Fortis** (TSX:FTS)(NYSE:FTS), I believe, are certainly not as expensive as many so-called pundits see it.

The stock has sold off 8% from its high and is still the same "Steady Eddie" recession-proof stock that it was in October when shares were surging. In the event of a recession, Fortis will have your back, and you'll take a limited amount of damage as you collect the generous 3.7%-yielding dividend.

Defensives may be out, but if you're still bearish on the markets as a whole or if you've yet to hedge your portfolio, Fortis stock is a gift courtesy of Mr. Market at 14.6 times trailing earnings.

You're still getting mid-single-digit dividend growth and better growth than most other defensives of Fortis's calibre. That's thanks to a stellar management team and a U.S. growth base that allows for better growth without compromising on the returns front.

Fairfax Financial Holdings

Fairfax Financial Holdings (TSX:FFH) stock has been a big loser over the past five years. And while many Canadians have lost faith in Prem Watsa, the man they know as the Canadian Warren Buffett, I still think hedge seekers will find downside protection at a dirt-cheap price with the name.

Fairfax is an insurer, but I like to think of it as Prem Watsa's hedge fund. The man made some bold calls in the past; some worked out, like during the Great Recession, and some made the man look foolish (that's a lower-case *f*), like the underperformance versus the market over the past years.

What entices me about Fairfax is the fact that Watsa has a genuinely long-term time horizon and a slight bias in downside protection over maximizing returns. While Watsa is bullish on Trump, Fairfax still has hedges in place that will pay handsomely should we unexpectedly fall into a recession over the medium term.

If there's anyone you'd want managing your money in a downturn, it's Prem Watsa. And whenever you can capture the name at a 10-year-low valuation, you're getting downside protection that's hard to come by in this kind of market.

Stay hungry. Stay Foolish.

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2. TSX:FFH (Fairfax Financial Holdings Limited)
3. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

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