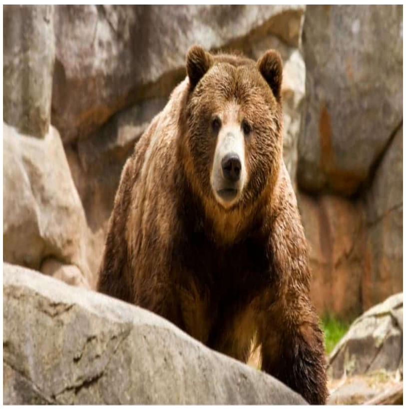

4 Top Canadian Stocks to Buy for a Bear Market

Description

The risk of recession is never far away, and with the amount of uncertainty hanging over the markets, portfolio managers should always keep an eye on risk in their stocks. For new investors and veteran shareholders looking to "recession proof" a TSX stock portfolio, here are five key companies to add exposure to for long-term gains that could beat a bear market.

The tried-and-tested blue-chip plays

If in doubt, buy strong utilities. **Fortis** is one of the core stocks on the TSX to buy for long-term income and overall reassurance. The low-risk investor may want to sidestep the volatility in growth stocks and plump for assured long-term energy plays for passive income. Fortis is one of a select group of dependable dividend stocks and one of the most recession-resistant stocks on the TSX, backed with a 3.4% yield.

The analyst-favourite, cheap bank stock, **CIBC**, is a bargain banker in the Big Five with a rich yield and low exposure to foreign markets. With three distinct segments, its commercial banking, asset management, and capital markets services satisfy the needs of 11 million customers, with a strongly domestic focus. Paying a 5.3% dividend, CIBC is often recommended as the richest yielding of the Big Five.

The popular transport stock choices

A stock soaring to new heights this year, **Air Canada** is hitting a 52-week high this week and has a consensus "strong buy" analyst rating. The flag-carrying aviation favourite Air Canada is also a rewarding stock for investors seeking capital gains. With 50 million annual passengers and 200 destinations, Air Canada is a wide-moat play for aerospace exposure.

Forget dividend yields, though — this is a stock for the capital-appreciation crowd. Having gained 87% in 12 months, Air Canada is a rare growth stock in the transportation space and a breakout investment that leaves other aviators in the shade. New investors could consider pairing it with **Maxar Technologies** for a knockout one-two punch for Canadian aerospace upside.

CN Rail showed just how integral it is to the Canadian economy, as well as the extent to which alternatives to oil pipelines are gaining headway, when it briefly shut down its rail network last year. Beyond the keystone nature of CN Rail and its ability to not only track the market but even command it (as shown by the rail strike), its CanaPux system is also a play on pipeline bearishness.

The move away from oil is going mainstream, with oil companies facing increasing cost efficiency in the renewables sector. With management accountability and carbon neutrality gaining traction — the former becoming a key assesment of companies' green scoring, and the latter becoming a growth industry in itself — 2020 will see frontline hydrocarbon producers losing momentum.

The bottom line

CN Rail is a reliable stock with a commanding position in the crude-by-rail industry that sidesteps the lost momentum of oil producers themselves while retaining revenue from the Canadian natural resources space. Air Canada is proving that it still has farther to climb, while bargain hunters have a strong choice in knocked-down banker, CIBC.

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