2 Recession-Busting Dividend Aristocrats to Hold in Your TFSA

Description

The last great recession changed the way investors perceived the market. We learned many things from that recession, some good and some bad. One of the bad things that a lot of investors might have picked up from it is staying their hands from growth stocks in a recession-expecting market.

High growth is usually associated with a higher risk. This is why when many investors rework their portfolios for a recession, they usually prefer gradually moving, dependable stocks that will keep up steady growth and won't dip too much during a recession.

But I would like to offer another alternative. How about choosing growth stocks from recession-resistant businesses and low-volatility businesses? And you can feel a bit more secure if the stocks are dividend aristocrats as well. Two such stocks are **Ritchie Bros. Auctioneers** (TSX:RBA)(NYSE:RBA) and **Innergex Renewable Energy** (TSX:INE).

World's largest heavy equipment auctioneers

Ritchie Bros are in the relatively unique business sector of auctioning off heavy industrial equipment. The company has been at it for more than 50 years, and it has slowly built itself up. Currently, it has a market value of $6.1 billion, and an enterprise value of $6.7 billion. Just in the year 2018, the company racked up almost $5 billion in the sales of used equipment an asset.

The company has been increasing its dividend payouts for 17 consecutive years. Just in the past five years, the company has increased its payouts by over 50%. Currently, the company is offering a not-very-lucrative yield of 1.86%. But we can attribute that to the company's amazing growth in its market value.

Currently, the company's market value is $56.8 per share at writing, an approximately 80% increase in the market value of the company in the past five years, which translates to a compounded annual growth rate of almost 12.3%. This will almost triple your $20,000 investment in ten years. With a beta of 0.67, the company also shows low volatility,

A renewable energy company

Power is a very recession-resistant business. No matter where the market is, people can't afford to cut back on necessities like electricity. Thus our second pick, Innergex Renewable Energy. This $7.55 billion (enterprise value) company has a decent asset portfolio.

The company has a stake in 68 operating facilities, situated in the U.S., France, and Chile. The net installed capacity of these operations combined is about 2,588 MW, which includes hydroelectric plants, wind, and solar farms.

The company has increased its payouts for five consecutive years, and earned itself the title of an aristocrat, offering a relatively juicier yield of 3.74%.

The company has also shown remarkable growth, especially in the past year — a period that saw the company's market value grew by almost 30%. The five-year CAGR of the company comes out to 9.47%, so a $20,000 stake in it will get you to $49,400 in a decade.

The company has a beta of 0.71.

Foolish takeaway

Thanks to the enormous growth, both of the companies are currently way overpriced, though both are in steady businesses. The Ritchie Bros are almost operating as a monopoly, while the Innergex is a sustainable energy business. The chances of both companies growing are relatively much higher than incurring any heavy losses during a recession.

If you're looking for recession-resistant growth stocks, the two companies should definitely be on your radar.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:RBA (Ritchie Bros. Auctioneers)
2. TSX:INE (Innergex Renewable Energy)
3. TSX:RBA (Ritchie Bros. Auctioneers)

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Date
2025/08/16
Date Created
2020/02/07
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