Where to Invest in a Bear Market? Buy This 1 Top TSX Stock

Description

A bear market seems always just around the corner these days, with high uncertainty buffeting the markets on a daily basis. From the threat of war in the Middle East to the coronavirus scare, it takes a particularly bullish investor to stay positive and carry on buying and holding stocks.

But what should the long-range income investor buy for a downturn, and which stocks are worth holding if and when a recession finally hits? The short answer is that strictly risk-averse investors should be building a portfolio of dividend-growth market leaders. They should also be making full use of the savings plans available to them.

For instance, every Canadian investor should make use of their Tax-Free Savings Account (TFSA). It's a great way to start investing if you've never bought stocks before. It's also a key addition to a set of retirement funds, and can help to supplement a Registered Retirement Savings Plan (RRSP). Knowing which stocks to buy is key to successful TFSA investing, though, so let's review one of the very best.

A strong play for safe income

If you're looking for a value play in the Canadian utilities space, super defensive stock **Fortis** (TSX:FTS)(NYSE:FTS) is a top choice. Trading with a P/E ratio of 16 times earnings, it's way below the national electric utilities average of 24.7. Fortis is also a highly dependable stock, with a 46-year payment record providing reassurance for cautious investors looking to stave off recessionary concerns.

With revenue looking set to grow by just over 7% per year and a solid 12-month track record behind it, which saw earnings growth of 61%, Fortis is a strong performer that often heads up lists of relatively safe TSX stocks to buy and hold for the long term. Its moderately high dividend of 3.48% makes it a go-to for careful investors looking to strengthen an income portfolio.

It’s been a tough start to the year already, with a near-miss in the Persian Gulf, a potential pandemic, Brexit, and a U.S. election swirling together to form a cloud of uncertainty. It’s this culture of doubtthat’s got asset managers calling for caution. And as low-risk investments go, they don’t get morereassuring than utilities.

Investors can pair a key utilities purchase with a solid pick like **CN Rail**. The rail operator is strongly diversified, and with a dividend yield of 1.75% fed by an integral relationship with just about every aspect of the Canadian economy, it’s a must-have stock with defensively wide-moat properties. A true Dividend Aristocrat, CN Rail is also a strong play for crude by rail.

The bottom line

Looking for key stocks to buy and hold? Both Fortis and CN Rail are as safe as they come. These are the kinds of assets that an investor could pack in a savings account and come back to in years to come to find that they’ve accumulated substantial returns. Both stocks are tailor made for a TFSA or RRSP, strongly resilient to an economic downturn, and suited to both the retiree and new investor alike.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

Tags

1. Editor's Choice

Date
2025/08/25
Date Created
2020/02/07
Author
vhetherington