



3 Blue-Chip TSX Stocks to Ride out a Bear Market

Description

When considering what stocks to include in your portfolio ahead of a bear market, the first thing you'll want to look for generally will be larger blue-chip stocks.

You have to remember that at the end of the day, the bear market is happening because other investors are reacting out of fear of loss, and the mass panic around the markets causes the rapid devaluation of stock values across the board, in turn inciting more panic.

Naturally, the stocks that will be most affected are higher risk stocks, not only because their business may not hold up as well in a potential recession, but also because everybody knows these stocks are higher risk; those will therefore be the companies most investors are selling off first.

In short, you're better off buying large blue-chip companies with high-quality businesses, which will ensure you are still committed to a long-term investing mindset first — and then protect as much of your capital as possible in the short-run second.

Three of the best blue-chip stocks on the **TSX** to help recession-proof your portfolio are **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) **Emera Inc** ([TSX:EMA](#)) and **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)).

CN Rail

CN Rail is one of the best stocks you could own in times of trouble for financial markets. For starters, it's one of the most popular stocks in North America, and a massive \$90 billion company.

It also has an extremely robust business, and although its business would inevitably be impacted in a recession, the impact would be minimal in comparison to almost any other company out there.

The Canadian economy relies on [CN Rail](#), as evidenced by its short week-long strike back in late 2019 that made some worry that parts of Canada could slip into a recession.

This dependency from the Canadian economy essentially makes CN Rail too big to fail.

Looking at the stock's performance in the last bear market, during the worst six-month stretch, from October 2008 until March of 2009, CNR was only down by about 11%, while the **S&P 500** was down more than 30%, and the TSX was down roughly 25%.

Emera Inc

Utilities are always a high-quality choice for investors ahead of a recession for a number of reasons, and Emera is one of the top picks.

For starters, utilities see profits increase as rates are lowered, which is usually the number one thing central banks do when there appears to be trouble brewing in the economy.

Second, the utility business as a whole is one of the most recession-proof industries, as many of the services they provide such as heat, water and electricity are necessities.

The regulated earnings and stable cash flows are the exact type of businesses investors will want to own as we undergo a recession. Looking at its performance in the last bear market the stock was down just 12.75% compared to the same time frame as CNR.

NorthWest Healthcare Properties

Apart from the utilities industry and a massive blue-chip too big to fail company like CNR, other quality places to look for recession-proof stocks are in either the real estate or healthcare industries.

Once again, this is playing on the theme of finding businesses that provide goods or services that consumers need to buy regardless of their financial situation.

Both healthcare and real estate are key staples of the economy, and what better way to gain exposure to that industry than buying a company offering the best of both worlds, NorthWest Healthcare Properties?

NorthWest owns a global portfolio of healthcare assets and properties in countries such as Canada, Brazil, Australia, New Zealand, Germany and The Netherlands.

Not only will its business stay strong and resilient through a potential recession or even a global one given how diversified its properties are, but it's actually expecting to see growth over the long run as the population continues to age.

Plus, it's paying a dividend that yields more than 6% right now — a pretty significant dividend to receive while owning an investment that will protect your money.

Bottom line

The stocks you own in a recession can make or break your long-term investing success, so make sure

you buy only the best of the best to ensure your capital is as safe as best as can be.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)
3. TSX:EMA (Emera Incorporated)
4. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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