3 of the Best Canadian Stocks to Hold in a 2020 Recession

Description

With investors such as Warren Buffett and Charlie Munger starting to make defensive moves and Jim Cramer turning away from fossil fuels, change is in the air. This side of the border, a Canadian interest rate cut may be on the way – a move that will stimulate the **TSX** and likely boost bank stocks, but may also spook investors. With the possibility of a bear market around the corner, talk is inevitably turning once again to recession.

For a mix of quality, relative safety, and dependable passive income, a TSX investor is spoiled for choice with some top Canadian utilities, banks, and some of our big-name gold miners exhibiting all of these downturn-busting characteristics.

Below we'll break down an exemplary business in each of these sectors and discuss why it's a buy for a recession-ready TSX stock portfolio.

Utilities, banks, and gold

Arguably the most popular utilities play for risk-averse investors would be **Fortis** (TSX:FTS)(NYSE:FTS). The company has a track record of dividend growth dating back to the early 1970s, and its areas of business are suitably wide moat.

Covering Canada, the U.S., and the Caribbean, Fortis is also committed to a major five-year growth program.

Totalling $17 billion, the program should help widen and defend that economic moat while also powering up that dividend – currently yielding in the 3.3% range.

The capital expenditure plan will see the energy giant go deeper into renewables – a key thesis for any investor looking to pack "green growth" in a portfolio – while also modernizing its grid — a move that should help increase efficiencies.

Meanwhile, banks may be a key target for divestiture: Bad loans, worsening credit quality, a potential housing bubble – should Canadians really be buying bank stocks in the current economy?

The answer is that there is at least one Canadian bank worthy of a long position in a stock portfolio.

With a dividend just shy of 4%, **Toronto-Dominion Bank** is a top buy for investors seeking the safest of the Big Five lenders, and among the most likely to be bailed out in a North American recession.

Its growth in the U.S. is also key to what makes TD Bank sturdy enough for a stock portfolio centred around downturn-ready dividends. As one of Canada's most strategically significant banks, investors can file TD Bank under "too big to fail."

On a classically defensive note, a top gold stock to buy and hold is **Newmont**. It's recently dropped the "Goldcorp" part of its name, which it appended to "Newmont" after last year's big-league merger.

A 1.26% yield marks Newmont out as one of the better dividend gold stocks, albeit yields can be higher among miners. The main draw here is the size, cost efficiencies, and the potential for growth attached to this name.

The bottom line

A mix of Big Five security, defensive utilities, and the textbook safe haven of gold makes for a potent trio of sectors to buy ahead of a possible market correction.

For stock investors looking for safety ahead of a recession, all three stocks listed here are a buy for recession-hardy dividends.

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