



3 TSX Stocks That Will Do Well in a Recession

Description

Building your portfolio with stocks that will do well all the time, as well as holding their own in a recession will be the key to long-term success.

While it could be appealing to buy only stocks that are recession proof without knowing when a recession may come, this could be a high-risk decision and lead you to leave a lot of potential gains on the table while you're busy trying to protect your portfolio.

Instead, stick to high-quality, long-term stocks that will still grow and do well in times of prosperity, as well as being the most resilient stocks when things take a turn for the worse.

Three of the best stocks to add to your portfolio today are **Loblaw Companies Ltd** ([TSX:L](#)), **Fortis Inc** ([TSX:FTS](#))([NYSE:FTS](#)) and **Kirkland Lake Gold Ltd** (TSX:KL)(NYSE:KL).

Loblaw

Loblaw, one of the top consumer staples in Canada, is a typical [defensive stock](#). Consumer staples generally always hold up better than other industries, as the name suggests, items are important to consumers and for the most part can't be scaled back during periods of lower economic activity.

Plus, Loblaw's business is extremely well run, with one of the best loyalty programs in Canada driving cross banner shopping, as well as a diversified business model owning ancillary businesses such as Shoppers Drug Mart and its President's Choice financial services brand, PC Financial.

The stock is up more than 6% already year to date, as more investors seek out these recession-proof stocks to add to their portfolio now rather than when things start to take a turn for the worse.

It trades at a price-to-earnings ratio of 25.2 times, a bit of a premium to buy this high-quality and stable business, but potentially worth it to protect your wealth.

It also pays a dividend that yields roughly 1.75%, paying out roughly 40% of the company's earnings.

Fortis

Fortis is one of the biggest and best utilities on the **TSX** and a great company to own when the economy is shrinking.

The utilities industry is a great example of a recession-proof industry because the revenues are so stable and reliable, unlikely to fluctuate much, even if there is a considerable decrease in economic activity.

The utilities business reduces a lot of the risk considerably for investors, and Fortis helps to minimize a lot more via its high-quality operations and well-diversified portfolio.

The company owns assets across North America, reducing its risk even further by operating in different jurisdictions. It's one of the oldest of the Canadian Dividend Aristocrats with nearly 50 consecutive years of dividend increase.

The stock currently yields about 3.25% today and is trading for just 15.5 times earnings, making it a bit cheaper of an option than Loblaw.

Kirkland Lake Gold

Gold companies are always an option when considering stocks that will outperform the rest of the market in a bear market or recession.

If the stock market's crashing, gold stocks tend to hold up better as investors seek a safe-haven asset. If the economy falls into a recession, central banks will likely stimulate the economy by increasing the money supply, which naturally makes the price of gold worth more.

One of the top gold mining stocks that investors can buy to help protect their money during troublesome times is Kirkland Lake Gold.

Kirkland Lake is the ideal gold stock because it's a reliable, high-quality and low-cost producer.

The company is able to produce gold for ultra-low prices, meaning that the profit it's able to generate is massive and only continues to grow as it increases production and sells its gold at higher prices.

Plus, Kirkland Lake just bought Detour Gold Corp, which will add massive long-term potential, making it an industry powerhouse.

Bottom line

Consumer staples, gold and utilities are the top industries in which to invest if you're concerned your portfolio may be at risk during a recession.

Finding top companies, such as these three, will significantly strengthen your portfolio, but make sure

you don't forget to rid your portfolio of any stocks that could potentially see a major impact from a market crash, otherwise they could wipe out much of the wealth you are trying to protect.

CATEGORY

1. Dividend Stocks
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3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:L (Loblaw Companies Limited)

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