



## 3 Dividends Stocks to Protect Your Portfolio Against a Recession

### Description

How quickly the tide can turn. The year was off to another blistering start before it all came crashing to a halt this past week. COVID-19 fears have driven the stock markets to post their highest single-day losses in years — on back-to-back days.

As cases spread globally, several [recession indicators](#) are starting to be triggered. During the financial crisis, those invested in high quality dividend stocks were able to navigate the downtrend better than most.

Safe and reliable income [during a recession](#) or times of significant volatility can help mitigate portfolio losses. With that in mind, here are three dividend stocks investors should consider adding today.

### Fortis

Utilities are considered some of the safest companies in the world. Dividends are backed by strong, regulated cash flows. One of the top utility companies on the **TSX Index** is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)).

Fortis has been aggressively expanding south of the border and has posted stable growth rates in the mid-to-high single digits over the past five years. The expectation is much of the same over the next five years.

Last September, the company announced its five-year outlook. Fortis is banking on grid modernization, the delivery of clean energy and liquefied natural gas to drive sustained growth.

The important takeaway is that virtually all of the company's capital program over this period will be occurring within the regulated utility business. These are low-risk projects that will yield consistent returns.

Stability and reliability is what sets Fortis apart. The Canadian Dividend Aristocrat has a 46-year dividend growth history — the second longest streak in Canada. The company has a targeted dividend growth rate in which it expects to grow the dividend by 6% annually through 2024.

With a current yield of 3.30%, Fortis provides a safe and growing dividend.

## Premium Brands Holding

A consumer defensive stock, **Premium Brands Holding** ([TSX:PBH](#)) is a leading packaged food company. It has been aggressively making acquisitions and has a long-term target of almost doubling sales to \$6 billion in sales by 2023.

In 2019, the company is expected to post approximately \$3.6 billion in sales. In order reach \$6 billion, it will need to grow revenue by a compound annual growth rate of 13.62%. Given that the company has a revenue CAGR of 27.99% over the past three years, \$6 billion in revenue is well within reach.

Premium Brands also recently achieved Canadian Dividend Aristocrat status with a modest seven-year dividend growth streak. Over that time, it has averaged low, double-digit dividend growth.

As of writing, the company currently yields 2.10% which is the highest yield among all Canadian Dividend Aristocrats in the consumer defensive sector. The aforementioned dividend growth rate is also one of the highest among its peers.

Analysts expect strong 25% annual earnings growth over the next couple of years which will help support the growing dividend.

## NorthWest Healthcare Properties REIT

Two other defensive sectors are real estate and healthcare. **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)) combines both of these sectors into one.

The company currently yields a very attractive 6.19% and pays out a monthly dividend, which is above the Canadian REIT average of 5.5%. The dividend is well covered by cash flows (87% payout ratio).

NorthWest Healthcare Properties is not a Canadian Dividend Aristocrat, which is not necessarily a bad thing. The company already yields a considerable amount and management feels there are better uses for the company's cash. This includes expanding its asset base as Northwest positions itself as one of the leading global healthcare facility providers.

This strategy has paid off and is expected to yield considerable returns. Earnings are expected to average 20% annual growth and fund from operations are expected to be approximately 9.1% in 2020 — tops among all Canadian-listed REITs.

### CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
4. TSX:PBH (Premium Brands Holdings Corporation)

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