3 Recession-Proof Stocks to Buy Right Now

Description

The markets are looking a lot riskier than usual, and investors need to exercise a lot more caution these days. One way to minimize your exposure to the market's volatility is to invest in stocks that are recession-proof and good bets do well, even when the economy may be struggling. Below are three stocks that have done better than the TSX this year and that still look to be good buys today.

Emera (TSX:EMA) is a utility stock that investors can count on for stable, consistent results. In nine of its past 10 quarters, Emera has posted a profit. During that time, its top line has fallen within a range of $1.2 billion and $1.9 billion. The stock is down a modest 2% thus far in 2020, which is much better than the TSX has performed, as the index is down around 15%.

In addition to just a stable investment, Emera can be a great source of dividend income as well. Currently, the stock pays investors a quarterly dividend of $0.6125, which yields 4.5% annually. It's a solid payout that can help bump up the total return that you can earn from owning the stock. And, as an added bonus, Emera has increased its dividends over the years as well. Last year, the company was paying investors a quarterly dividend of $0.5875, and it's been bumped up by 4.3% since then.

With a price-to-earnings ratio of around 20, investors aren't paying much of a premium to own this top dividend stock.

Waste Connections (TSX:WCN)(NYSE:WCN) is another stock that hasn't incurred significant losses this year. Shares of Waste Connections are up a modest 2% this year. Like Emera, the stock has shown a lot of consistency in its financials. Over the past 10 quarters, its top line has been between a narrow range of US$1.1 billion and US$1.5 billion. And it's also posted a profit margin of at least 10% during each of those quarters as well. It's a relatively low-risk stock that shouldn't see big declines, even if the economy struggles this year.

It pays a quarterly dividend of US$0.185, which yields less around 0.8% per year. It's not going to be that attractive for dividend investors, but it's still another source of recurring cash flow that can boost your portfolio's overall returns. The company has grown via acquisition in the past, and with solid free cash flow of more than US$800 million in each of the past two years, it could be in a great position to keep that up, especially as companies struggle this year and become attractive acquisition targets.

Jamieson Wellness (TSX:JWEL) has been a top-performing stock this year on the TSX, as it's up more than 20% thus far. The company's vitamins and health products could be in high demand this year, as consumers stockpile essentials amid the COVID-19 pandemic. But healthcare in general is one area where consumers are less willing to make financial sacrifices.

Like the other companies on this list, Jamieson has done well in posting profits consistently and producing a solid top line. In only three of the past 10 quarters has the company's revenue fallen below $80 million. And in its most recent earnings report, Jamieson showed impressive growth with sales of $103 million rising 16% from the prior-year period. Jamieson also pays its shareholders a dividend, which currently yields around 1.4% annually.

Since going public on the TSX back in 2017, shares of Jamieson are up around 90%.

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2. TSX:EMA (Emera Incorporated)
3. TSX:JWEL (Jamieson Wellness Inc.)
4. TSX:WCN (Waste Connections)

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