Got $5,000? Invest in These 2 TSX Stocks Right Away

Description

If you're fortunate enough to have spare cash on hand, this might be a good time to place it in **TSX** stocks that can secure your future. Canada's finest corporations have lived through multiple crises in the past and have often emerged stronger.

Now, with the economy in tatters and a lingering health crisis, placing a few thousand in a robust TSX stock could provide your family a lifeline.

Here are the two TSX stocks I would bet on if I was starting off with $5,000 today.

Technology TSX stock

Constellation Software (TSX:CSU) is in a uniquely strong position. It's an investment holding company that has spent two decades gobbling up small and medium-sized enterprise software firms. Software firms tend to have recurring revenue locked in for multiple years via contracts. These deals also tend to be rather lucrative, with high operating margins.

Constellation's cash flow is now so immense that it can weather any economic downturn. In fact, the company has $372 million in cash and cash equivalents on hand to acquire many more software firms at distressed prices.

The income side of the equation is just as robust. About half of Constellation's software clients are government entities, which means the contracts will be honoured. Clients are at now risk of default regardless of how bleak the economy becomes.

Currently trading at 32 times forward earnings per share and 68 times leverage-adjusted cash flow, Constellation Software stock is certainly pricy. But reliable quality TSX stocks are rare these days, so the price might be justified over the long-term.

Utility TSX stock

Perhaps the only other company as robust as Constellation is utility giant **Fortis Inc.** (TSX:FTS)(NYSE:FTS). Electricity is an essential utility that may be immune to economic downturns and pandemics. Fortis is one of the few TSX stocks to be flat year to date. Since the start of 2020, the stock has lost just 1.5%, compared to the **S&P/TSX Index**'s 8.4% drop over the same period.

Not only is Fortis stock underpriced, with a price-to-earnings ratio of 14, but it's also a hefty dividend-payer (3.6% yield). That dividend has expanded every year for the past 46 years. This year, the company's payout ratio is under 50%, which means it has plenty of room to sustain or expand the dividend again.

When it comes to investor returns, Fortis is literally a fortress. In times of uncertainty like this one, I believe it's the perfect safe haven for cautious investors.

Special mention

I would be remiss if I didn't mention the other robust TSX stocks investors should look into. **Brookfield Renewable Partners,** for example, serve as a proxy for a multi-trillion dollar industry I'm excited about. Healthcare and essential stocks such as **Northwest Healthcare REIT** and **Dollarama** certainly deserve closer attention this year.

Finally, no other TSX stock could be as recession-proof as **GFL Environmental**. Betting on a mundane but essential industry like waste disposal could be a recipe for wealth protection in these tumultuous times.

A few savvy investments with just $5,000 in capital could secure your future. Good luck and stay safe.

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2. TSX:CSU (Constellation Software Inc.)
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