
4 Recession-Proof TSX Stocks to Buy and Hold

### Description

This week, Ontario finance minister Rod Phillips declared that the province was officially in a recession due to the COVID-19 pandemic. The picture is also grim for Canada at large. Recent reports indicate that Mark Carney, who has served as the governor of both the Bank of Canada and Bank of England, has been brought on to help draft an economic recovery plan. Today, I want to discuss what TSX stocks investors should look at in order to survive this recession.



## Why Dollarama is a recession-proof TSX stock

Earlier this summer, I'd discussed why **Dollarama** (TSX:DOL) was a perfect TSX stock for those looking to recession-proof their portfolios. The dollar store space has exploded over the past decade. Low-cost retailers managed to attract a wider clientele following the Great Recession, and this has continued into the 2020s.

Dollarama is the largest dollar store operator in Canada. Its shares have climbed 9.1% in 2020 as of close on August 13. Investors can expect to see its second-quarter fiscal 2021 results on September 2. In Q1 FY 2021, the company reported sales growth of 2%. Over 1,000 Dollarama stores remained open to provide essential services to Canadian shoppers during the pandemic.

The stock last had a price-to-earnings (P/E) ratio of 28. This puts it in solid value territory relative to industry peers. Dollarama has proven it is a TSX stock you can trust in a volatile climate.

## Utilities are a reliable target in this environment

Canadian utilities have also provided essential services during the COVID-19 pandemic. The vital role of utilities also makes them a solid target, as they are mostly recession proof.

**Canadian Utilities** is engaged in the electricity, pipelines and liquids, and retail energy businesses worldwide. Its stock has dropped 12% so far this year. The company has delivered dividend growth for over 45 consecutive years. Shares last possessed a favourable P/E ratio of 15 and a price-to-book

(P/B) value of 1.7. Moreover, it offers a quarterly dividend of $0.4354 per share. This represents a strong 5.2% yield.

Another strong utility TSX stock is **Algonquin Power & Utilities**. Shares of Algonquin Power have climbed 1.7% in 2020 as of close on August 13. In the second quarter of 2020, the company saw adjusted EBITDA drop 7% from the prior year to $176.3 million. On a year-to-date basis, adjusted net earnings have increased 1% to $150.7 million.

Algonquin stock boasts a solid P/E ratio of 18 and a P/B value of 2.2. Meanwhile, it last paid out a quarterly dividend of $0.1551 per share, representing a 4.6% yield.

## TSX stocks in the grocery space can weather a recession

Grocery retailers, which also provided a key essential service during the height of the pandemic in Canada, are also a great recession-proof pick. One of my favourite TSX stocks in this space is **Empire Company** (TSX:EMP.A). The stock has increased 16% in 2020 so far.

In Q4 FY 2020, Empire reported same-store sales growth excluding fuel of 18%. Adjusted earnings per share climbed to $0.67 compared to $0.45 in the prior year. Empire stock currently has a P/E ratio of 16 and a P/B value of 2.4, putting it in undervalued territory. It last declared a quarterly dividend of $0.13 per share. This represents a modest 1.4% yield.



**CATEGORY**

1. Coronavirus
2. Investing

**TICKERS GLOBAL**

1. TSX:DOL (Dollarama Inc.)

**PARTNER-FEEDS**

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

**Category**

1. Coronavirus
2. Investing

**Date**
2025/09/06
**Date Created**
2020/08/15
**Author**

aocallaghan