
# 3 TSX Stocks to Buy Ahead of the Next Market Crash!

### Description

With rising unemployment rates and falling gross domestic product figures, it's clear that the Canadian economy is in the midst of a recession. The COVID-19 pandemic has wreaked havoc globally, resulting in business shutdowns and lower consumer spending.



While the markets plummeted over 35% earlier this year, the V-shaped recovery has surprised most investors. It has become increasingly evident that the stock market and the economy are not in sync, which means investors should brace for another market crash.

The Warren Buffett indicator shows that markets south of the border are overvalued by 75%, which should make investors nervous. While it is impossible to time the market, you can look to buy stocks that are recession-proof.

Here we look at three such stocks trading on the **TSX**.

## A Canadian utility giant

One of the top Canadian stocks that pay a dividend is **Fortis** (TSX:FTS)(NYSE:FTS). Canada's utility giant is recession-proof due to its rate-regulated business. Fortis stock fell to a 52-week low of $41.52 earlier this year but has since gained 25%. The company has a forward yield of 3.7% and remains a top defensive stock to buy and hold forever.

Fortis is the largest utility company in Canada and supplies electricity to five Canadian provinces, nine states in the U.S., and three Caribbean countries. It reported net earnings of $274 million in the second quarter of 2020 and ended Q2 with $4.8 billion in unutilized credit facilities.

Fortis continues to invest heavily in capital expenditure, which in turn helps it to generate stable cash flows and increase dividend payouts, something it has done for 46 consecutive years. The heavyweight expects to increase dividends at an annual rate of 6% through 2024, making it a top pick for income investors.

## A renewables stalwart

Another recession-proof stock to consider is **Brookfield Renewable Partners** (TSX:BEP.UN)( NYSE:BEP). This stock has generated annual returns of 18% since it went public back in 2000, easily outpacing the broader markets.

Brookfield develops and operates utility-scale renewable energy-generating facilities. It owns hydroelectric, wind, and solar power generating facilities and is well-diversified with operations in the Americas, Europe, and Asia.

Brookfield rose over 13% in August after it closed the acquisition of TerraForm Power, making it one of the largest renewable companies in the world. It also reported its Q2 results last month and saw its normalized funds from operations increase by 18% year over year.

Renewable energy is here to stay and the world will transition to renewable consumption sooner rather than later, allowing Brookfield Renewable to generate stable cash flows for several years — and making it a company with strong growth prospects with a yield of 3.9%.

## A Dividend Aristocrat



The third company on our list is **Canadian Utilities** (TSX:CU), which has a forward yield of 5.4%. This Canadian giant has increased dividends for 48 consecutive years due to its stable and predictable earnings.

Canadian Utilities generates almost all of its earnings from regulated operations (95%) and the rest (5%) from long-term contracts, making a dividend cut unlikely even during an economic downturn.

If you invest $25,000 each in these **TSX** stocks, you could generate $3,225 in annual dividend payments. In case the companies increased dividends at an annual rate of 5%, this annual payout will increase to $8,150 at the end of 20 years.

**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:FTS (Fortis Inc.)

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