



BUY These 3 Safe TSX Stocks Amid an Uncertain Outlook

Description

The Canadian equity markets are under pressure in the last two weeks due to rising COVID-19 infections worldwide. Investors fear that the rise in COVID-19 infections could prompt many countries to impose restrictive measures, which could slow down the economic recovery. So, amid the uncertain outlook, it is better to go defensive.

Here are the three defensive bets, which can protect the portfolio in case of a market crash.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a regulated gas and electric utility company, which has grown its assets from \$390 million in 1987 to \$56 billion. The company generates 99% of its earnings from rate-regulated utility businesses, so its earnings are mostly stable. Meanwhile, the company has planned to invest [\\$19.6 billion over the next five years](#) to increase its rate base to \$40.3 billion at a 6% CAGR. So, the growth in the company's rate base could support its future earnings growth.

Fortis is also focusing on cutting down its carbon emissions by 75% by 2035 from its base year of 2019. The company is adding 2,400 megawatts of wind and solar power systems while exiting coal-generation facilities.

The company has raised its dividends for the past 47 years. Its stable free cash flows from the highly regulated utility businesses have supported the dividend payout. Currently, the company's forward dividend yield stands at 3.5%. Meanwhile, the company has planned to raise its dividends by 6% every year until 2025, which is encouraging.

Given its recession-proof business model, high growth prospects, and healthy dividend yield, I believe [Fortis is a good buy in this uncertain outlook](#).

Kinross Gold

Amid the high volatility in the equity markets and the returns on debt instruments being unattractive, many investors found refuge in gold, driving its prices higher. The gold prices have increased by over 25% for this year, which has benefited **Kinross Gold** ([TSX:K](#))([NYSE:KGC](#)), which mines for gold and silver.

The company has also planned to gradually increase its production capacity over the next three years to 2.9 million gold equivalent ounces. However, after 2023, the production is expected to decline. Overall, the management has estimated its average production from 2020 to 2029 to come at 2.5 million gold equivalent ounces per annum.

Further, the management projects its production and capital expenditure to go down over the next three years. So, higher production and lower expenses could expand the company's margins and increase its cash flows.

Meanwhile, if the market crashes, gold prices could rise further, which could benefit the company. So, I am bullish on Kinross Gold.

NorthWest Healthcare Properties

NorthWest Healthcare Properties REIT ([TSX:NWH.UN](#)) owns and operates 189 healthcare properties covering 15.4 million square feet across seven countries. The company has a high occupancy rate of 97.4%, with a weighted average lease expiry of 14.6 years.

Meanwhile, over 80% of its tenants have government backing, and 75% of its rent has inflation indexation, which is encouraging. Further, the company has \$327 million worth of projects under its pipeline. The company is also strengthening its balance sheet by selling off non-core assets. So, given the high occupancy rates, stable cash flows, and longer weighted average lease expiry, I believe NorthWest Healthcare payouts are safe.

The company pays monthly dividends. For October, the company has announced dividends of \$0.067 per share, which represents an annualized payout of \$0.80. Currently, the company's dividend yield stands at an attractive 6.9%.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:KGC (Kinross Gold Corporation)
3. TSX:FTS (Fortis Inc.)
4. TSX:K (Kinross Gold Corporation)
5. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider

2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Date

2025/08/20

Date Created

2020/10/28

Author

manjapla

default watermark

default watermark