



## Got \$6,000? 3 Recession-Proof TSX Stocks to Buy Right Now!

### Description

The equity markets are expected to remain choppy in the near-term due to significant macro-economic challenges at the global level. While a few analysts expect the markets to undergo a correction in 2021, it makes sense to be prepared for any eventuality.

Hence, investors should look to buy stocks that thrive under pressure and are recession-proof. These companies generally continue to generate stable cash flows across business cycles making them winning bets in any economic environment.

Here, we look at three such **TSX** stocks you should buy right now.

### Fortis

The first stock on this list is Canada's utility giant **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). This domestic heavyweight has increased dividends for 47 consecutive years. It also expects to increase payouts at an annual rate of 6% through 2025.

Fortis stock is currently trading at \$53.2 indicating a dividend yield of 3.8%. So, if you invested \$5,000 in this utility giant, you can earn \$190 in annual dividends.

Fortis is one of the largest utility companies in North America and serves customers in 17 jurisdictions throughout the Caribbean, the United States, and Canada. The company aims to expand and diversify through investments in infrastructure and renewable power as well as strategic acquisitions.

In 2020, Fortis reported [annual net earnings](#) of \$1.21 billion or \$2.6 per share. Its capital expenditures for the last year stood at \$4.2 billion increasing its rate base by 8.2% which in turn will help Fortis to increase its cash flows in 2021 and support higher dividend payments.

### TransAlta Renewables

Next on our list is clean energy company **TransAlta Renewables** ([TSX:RNW](#)). In 2020, the company continues to expand by adding additional facilities and meet the demand for clean energy. The company confirmed its Big Level and Antrim wind facilities provided additional cash flow in 2020.

TransAlta managed to deliver another solid year of cash flow as it has a diversified asset portfolio. The company's distributable cash flow stood at \$306 million or \$1.15 per share. Given the company's annual dividend payment of \$0.94 per share, we can see that the payout ratio is less than 82%, well within its cash distribution target of between 80% and 85%.

In 2020, TransAlta increased EBITDA by 6% to \$462 million. The company expects EBITA between \$480 million and \$520 million in 2021 while cash available for distribution is forecast between \$285 million and \$315 million.

TransAlta's forward yield stands at 4.7% and the stock has more than doubled since it went public back in August 2013.

## NorthWest Healthcare

The final company on the list is **NorthWest Healthcare** ([TSX:NWH.UN](#)), a healthcare-focused real estate investment trust. This REIT has an expanding portfolio of cash-generating properties and a strong balance sheet. In the last two quarters, its top-line has expanded at an annual rate of 11%. The company also acquired 10 hospitals in the U.K. in 2020 that contributed to this growth.

NorthWest Healthcare has a diversified portfolio and is part of a defensive sector. It is well-positioned to generate outsized returns for long-term investors. The REIT recently raised \$200 million via an equity offering and plans to use \$196 million to reduce its debt balance and strengthen its balance sheet.

NorthWest Healthcare has a forward yield of 6%. Its properties have an [occupancy rate of](#) 97% and an average lease agreement of 14.5 years, making a dividend cut unlikely in the near-term.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
4. TSX:RNW (TransAlta Renewables)

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### Author

araghunath

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