



Worried About a Market Correction? Buy These 2 Recession-Proof Stocks

Description

The **S&P/TSX Composite Index** is up by 15.75% at writing on a year-to-date basis. The primary index in Canada has continued to reach new all-time highs and remains near historically high levels. The fact that the stock market is trading at or near all-time highs should seem like a good thing, but many investors realize that the market can't consistently sustain such high levels.

There are mixed reactions about the possibility of a drastic [market downturn](#), if not a significant correction. While it is not something you might like to think about, you should consider the possibility of a market downturn while you make your investment decisions.

Many investors begin panicking when they hear someone utter the chances of a market crash, but panicking is never a solution. As a responsible investor, you should take steps to prepare for any situation that can affect your returns – even a market correction.

Having decent exposure to recession-proof assets in your portfolio that can protect you from the impact of a severe market downturn is an ideal way to go. If you have not already diversified your portfolio to [add defensive assets](#), I will discuss two businesses that could fit the bill.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) might remain my top choice when it comes to stocks to have in my investment portfolio forever. Considering the fact that the company can provide its investors with virtually guaranteed income at yields that increase each year, the Canadian Dividend Aristocrat should be a no-brainer buy. Fortis is a top recession-resistant stock due to the essential nature of the service it provides.

The utility holding company operates 10 businesses across Canada, the U.S., and the Caribbean, providing gas and electric utility services to roughly 3.4 million customers. No matter how bad the economy gets, people are unlikely to discontinue the service that Fortis provides.

The company also generates most of its revenues through regulated assets. It means that the

company can earn predictable income that it can use to comfortably finance its growing dividend payouts.

Trading for \$56.58 per share at writing, Fortis stock boasts a juicy 3.57% dividend yield at writing.

NorthWest Healthcare Properties

NorthWest Healthcare Properties REIT ([TSX:NWH.UN](#)) is the only real estate investment trust on the **TSX** that I would consider a genuinely recession-resistant asset to have in your portfolio. The company owns and operates a portfolio of diversified medical facilities spread worldwide. Presently, its facilities are located in Australia, Brazil, Canada, New Zealand, and Germany. It is working on establishing a presence in the U.K. and the U.S.

Like Fortis stock, NorthWest Healthcare Properties can deliver reliable dividend payouts to its shareholders, but for different reasons. The company's portfolio of healthcare properties boasts a 97% occupancy rate and 98.6% rent collection rates. The average lease term for its properties is 14.3 years. All of these qualities make its cash flows stable and allows the company to pay its shareholders dividends that are sustainable.

Trading for \$13.05 per share at writing, NorthWest Healthcare Properties REIT boasts a juicy but sustainable 6.13% dividend yield.

Foolish takeaway

Nobody wants to see the effects of a market crash on their investment portfolios. However, you should not let a major correction make you lose sight of your long-term financial goals. The best way to protect your financial interests during market crashes is to reposition your asset allocation to defensive assets or in companies that gain a [competitive advantage during market downturns](#).

Fortis stock and NorthWest Healthcare Properties REIT are two such assets that boast the defensive qualities necessary to help you ride the wave and emerge stronger after volatile market conditions pass.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:FTS (Fortis Inc.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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