Long Overdue: Is a TSX Correction Coming in 2021?

Description

The **TSX** fell below 20,500 for the first time since August 23, 2021. On September 17, 2021, Canada's primary stock market index closed at 20,490.46, or 331.04 points lower than its record high on September 3, 2021 (20,821.40). Some market observers think a market correction is long overdue after months of red-hot streaks.

Investors are anxious again in that it might be time to make adjustments before the market pullback happens. **Fortis** (TSX:FTS)(NYSE:FTS) should once more be in the limelight as Canadians take defensive positions. Another go-to stock for capital protection and steady income streams would be **NorthWest Healthcare Properties** (TSX:NWH.UN).

Safety, stability, and growing income

Fortis is the acknowledged defensive star on the TSX. The utility stock is an ideal core holding for risk-averse investors. Besides safety and stability, there's potential for growing income. Consistent earnings growth and 45 years of dividend growth streak are the hallmarks of Fortis.

The business model is low risk given that the $27.09 billion company derives earnings from a diversified, highly regulated utility asset base. Fortis's contracted operations are also long-term. The predictable low-risk earnings and cash flow profile are the compelling reasons to invest in this top-tier Dividend Aristocrat.

The 12.74% compound annual growth rate (CAGR) in the last 33.74 years indicates the utility stock's stability despite the economic downturns within the period. Fortis trades at $57.49 per share. Investors currently enjoy a 13.66% year-to-date gain in addition to the 3.51% dividend yield. Management hasn't backtracked on its plan to raise dividends by 6% annually through 2025.

Fortis has multiple growth opportunities ahead, especially in energy infrastructure. That is why expansion and diversification are ongoing concerns. The company expects the mid-year rate base to increase to $36.4 billion by 2023. Moreover, given its $19.6 billion five-year capital plan, the rate base should grow to $40.3 billion by 2025.

Transitioning to a cleaner energy future is also a priority. Fortis targets a 75% reduction in carbon emissions by 2035. The ultimate goal is for 99% of the total assets to focus on energy delivery and renewable, carbon-free generation.

Pandemic stock

NorthWest Healthcare is a must-own stock in 2021. The $2.9 billion real estate investment trust (REIT) is an attractive investment for two reasons. First, it's the only REIT in the cure sector. It owns and operates high-quality healthcare infrastructure such as medical office buildings, hospitals, and clinics globally.

Second, REITs are the next-best alternatives to owning physical properties. The real estate market is standing on shaky ground, given inflated prices and speculators. At $13.47 per share, NorthWest pays a lucrative 5.94% dividend. A $50,500 investment will produce almost $3,000 in passive income.

NorthWest has 190 income-producing assets in its portfolio of hospital and healthcare facility assets. Besides the high 96.7% occupancy rate (98.2% international), the weighted average lease expiry is 14.2 years (17.4% international). After Q2 2021, rent collection is a high of 98.8%.

This REIT's reach is extensive and global (Canada, Europe, and Australasia). Development projects are also under construction or in the pipeline. NorthWest's long-term real estate partners consist of leading healthcare operators in five countries.

Defensive strategy

Investors should be on guard, notwithstanding the TSX's 2021 rally. The recent drop of 1.6% isn't significant, although it could be the start of a market pullback. If you fear for your capital and investment income, a defensive strategy should calm your fears.

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)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. arosenberg
2. cliew
3. metienne

Category

1. Dividend Stocks
2. Investing

Date
2025/07/27
Date Created
2021/09/22
Author
cliew