# TFSA Investors: 1 Top Dividend Stock to Ride Out a Recession

**Description**

As 2022 progresses, it is becoming more and more likely that a recession may hit. The combination of high inflation, geopolitical tensions, supply chain issues, and fast-rising interest rates could all lead to a slowdown in economic growth.



## Don’t fear: A recession is a normal part of the economic cycle

However, this is not necessarily such a bad thing. After a wild and unusual recovery out of the COVID-19 pandemic, the market and economy needed to normalize and revert to the mean. Often, economic corrections, like recessions, are just a part of natural market cycles.

Certainly, this may mean some short-term pain. However, once economic factors ease, a recession will leave the stock market in a healthier place. Don’t fear. Be cautious, be patient, but also don’t be overly negative.

## A great time to load up your TFSA

When stocks are bearish, that is generally the best time to be buying. In fact, if you are opening a new registered account, like a Tax-Free Savings Account (TFSA), a recession decline is a great opportunity.

You can buy stocks in some of the best businesses at discounted prices. Many of these were extremely pricey a few months ago. Now, many stocks are trading at multi-year low valuations.

Likewise, hold a portion of your TFSA portfolio in defensive blue-chip and dividend-paying stocks. These stocks are a great hedge against market volatility and provide peace of mind when the market dips and dives.

Nobody knows how long the bear market and a recession will persist, so it's a great idea to own a few of these safe stocks. One defensive TSX stocks that immediately comes to mind is **Brookfield Infrastructure Partners** (TSX:BIP.UN)(NYSE:BIP).

## Brookfield Infrastructure Partners

Certainly, no business is immune to a slowdown in the economy. However, certain businesses can be opportunistic during economic downturns. That is why I like Brookfield Infrastructure. It was formed because **Brookfield Asset Management** started acquiring high-quality infrastructure assets at fire-sale prices during the 2007-2008 Great Recession.

Brookfield Infrastructure has mirrored this strategy in many other recessions/downturns since. In 2020, it was able to acquire several large infrastructure equity positions, which it then sold at generous profits.

Likewise, it bought its initial position in Inter Pipeline because that stock became very cheap in the 2020 oil crash. It now owns the entire business and is making a tonne of money while oil prices are soaring.



## Investors could benefit long term from a short-term recession

Chances are very good that it will find transformational opportunities if another recession occurs. BIP has a great balance sheet and a global presence. It can deploy capital anywhere that value and bargains arise. Considering money is becoming tighter, I suspect many opportunities will come its way.

In the meantime, its current portfolio of ports, pipelines, transmission lines, data centres, and cell towers are mostly contracted or regulated. Consequently, it generates reliable, steady streams of cash flow. These support its attractive $0.455 quarterly distribution. That equals a 3.6% dividend yield at today's price.

BIP has a long history of growing its dividend. Since 2010, it has grown its distribution annually by around 10%. For context, its current dividend is more than two times larger than it was in 2010. For growth, income, and a defence, Brookfield Infrastructure is a great stock for your TFSA during a recession and long beyond.

**CATEGORY**

1. Dividend Stocks
2. Investing

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2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

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