



3 Recession-Resistant Stocks to Buy Right Now

Description

The inflationary environment, higher interest rates, ongoing geopolitical tensions, and an expectation of a global economic slowdown have risen fears of recession. So, given the uncertain outlook, investors should look to strengthen their portfolio with recession-resistant stocks. These reliable stocks can deliver stable and predictable performance irrespective of the economic outlook. Here are my three top picks.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a utility company that serves 3.4 million customers across the United States, Canada, and the Caribbean, meeting their electric and natural gas needs. The company delivers predictable financial performance irrespective of the economic outlook, given its low-risk businesses and regulated asset base. The well-managed utility's average operating expense per customer has been tacking below inflation for the last five years. Operating cash flows have increased at a CAGR of 3% for the last three years. Supported by these steady cash flows, Fortis has raised its [dividends](#) for the previous 48 years, with its yield currently at 3.82%.

Further, Fortis is focusing on increasing its rate base. To do so, management has committed to capital investment of \$20 billion, including \$3.8 billion in clean energy, over the next five years. These investments could push the CAGR (compounded annual growth rate) of its rate base to 6%, further driving up its cash flows. Amid these growth initiatives, the company is confident of raising its dividends at an annualized rate of 6% through 2025. So, Fortis could be an ideal addition to your portfolio in this volatile environment.

NorthWest Healthcare Properties REIT

NorthWest Healthcare Properties REIT ([TSX:NWH.UN](#)) can be resilient and perform well even during challenging periods due to its highly defensive healthcare portfolio. Most of the company's tenants have government backing. Further, the [REIT](#) (real estate investment trust) has signed long-term agreements with its tenants, with a weighted average lease expiry of 14.1 years, reducing

vacancies. So, the company enjoys higher occupancy and collection rates, irrespective of the economy. Besides, 80% of its rent is inflation indexed, thus shielding profits against inflation.

Meanwhile, NorthWest Healthcare has recently ventured into the highly lucrative U.S. market, acquiring 27 healthcare facilities for \$765 million. Further, the REIT is also expanding its footprint in other growth markets, such as the United Kingdom, Germany, and Australia. Additionally, the company pays a monthly dividend, with its yield currently at a juicy 6.82%. NWH now trades at a cheaper valuation, with its NTM (next 12 months) price-to-earnings multiple at 6.9, making NorthWest Healthcare an attractive buy.

Waste Connections

My final pick would be **Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)), which has delivered positive total shareholder returns for the last 18 years. Given the nature of its business, strategic acquisitions, and lesser competition due to its operations primarily in exclusive and rural or secondary markets, the company has been delivering solid performance over the years. The top-line and adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) have grown in double digits in the last five years, thus returning over 135%.

Meanwhile, the company continues to expand its business across North America through organic growth and strategic acquisitions. In the first two quarters, Waste Connections acquired assets that management says can boost its annualized revenue by US\$470 million. More acquisitions are in the pipeline that could further contribute US\$225 million to its annual revenue. Without a doubt, Waste Connections's outlook looks healthy. Besides, the company has raised dividends at a CAGR of 15% over the last 12 years. So, considering all these growth drivers, I am bullish on Waste Connections.

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1. NYSE:FTS (Fortis Inc.)
2. NYSE:WCN (Waste Connections)
3. TSX:FTS (Fortis Inc.)
4. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
5. TSX:WCN (Waste Connections)

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