2 Recession-Resilient Stocks to Stabilize Your TFSA

Description

Your TFSA (Tax-Free Savings Account) may be worth less than when we started the year, but long-term thinkers should rejoice, as it's just a chance to top up at better prices. Indeed, it's hard to tell when the markets will begin the bottoming-out process. With Jamie Dimon, chief executive officer of **JPMorgan Chase**, recently ringing the alarm bell on a recession, it's quite possible that stocks could have more drag going into year's end. Regardless, TFSA investors should be ready to act as the bear market continues into its later stages.

Bear markets don't feel good when you're in them. But they don't last forever, and when we inevitably rise out of them, those who bought gradually on weakness will be the ones that will experience the most jolt come time to rebound.

Don't time markets with your TFSA: Do some gradual buying instead

Indeed, timing the market is never a good idea for beginners or seasoned investors. Everyone wants to reduce the pain their TFSA will be put through. By seeking to avoid pain, though, one could miss out on the biggest up days in markets.

It's hard to tell if October will hold the bottom or if we're in for one more swoon lower. In any case, TFSA investors should look to attractively valued firms that can thrive in the face of a downturn. With such names, one can focus on the long game, rather than worrying about what the Fed has in store in its next move in its war against inflation.

In this piece, we'll have a look at **Pet Valu Holdings** (TSX:PET) and **Fortis** (TSX:FTS), two intriguing recession plays that can continue growing their earnings through a turbulent year.

PetValu Holdings

Pet Valu Holdings is a pretty simple-to-understand business. It's in the business of selling pet supplies like food and toys. The firm also offers grooming and washing services. E-commerce-leveraging firms can't replicate these services. Despite the rocky finish to Monday's trading session, PET stock still stands out as one of the most durable in the face of an economic downcycle.

At the end of the day, pet owners will still want to spoil their pets. If anything, the humanization of pets causes one to put their pets above themselves. As consumer wallets tighten, I'd look for pet owners to put pet goods at or around the bottom of the list of things to cut. If anything, one would wish to spend more on their pets as they tend to alleviate stress when times get rough.

I think PET stock's Monday plunge opens up a great buying opportunity for investors at $34 and change per share. The stock isn't cheap at 25.8 times trailing price-to-earnings (P/E) ratio, but for such a quality recession-resilient play, I'd be more than willing to pay up such a premier price tag.

Fortis

Don't look now, but Fortis is down around 22% since peaking in late May. Undoubtedly, Fortis is still the bond proxy that's a must-own in the face of macro uncertainty.

Despite the hostile macro, Fortis stock has sunk alongside everything else for reasons that I believe are overdone. Higher rates and regulatory roadblocks in the Arizona and New York region may be enough to take a jolt out of growth.

Still, Fortis stock remains one of the most solid dividend stocks in this market. Regulatory and rate-induced headwinds are never fun, but Fortis always seems to find a way. The stock trades at 19.2 times P/E, making it one of the more attractive defensives right now.

CATEGORY

1. Investing

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2. TSX:FTS (Fortis Inc.)
3. TSX:PET (Pet Valu Holdings Ltd.)

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