3 TSX Stocks Safer for Investing in a Recession

Description

Higher inflation, rising interest rates, and growing geopolitical tensions have raised recession fears. A recent survey by the University of Michigan indicated that inflation is rising. The 10-year U.S. treasury bond yield rose to around 4% on Friday. So, given the volatile outlook, investors should look to strengthen their portfolios by adding quality stocks with a solid track record to their portfolios. Meanwhile, here are my three top picks.

NorthWest Healthcare Properties REIT

NorthWest Healthcare Properties REIT (TSX:NWH.UN) is an excellent stock to have in your portfolio due to its stable cash flows and high dividend yield. The company owns and operates a highly defensive healthcare portfolio across multiple countries. Also, most of its tenants have government backing. The company has signed long-term rent agreements, with the weighted average lease expiry standing at 14.1 years. Supported by these long-term agreements and quality tenants, the company's occupancy rate stands at an impressive 97%. Also, a substantial percentage of its rent collection is indexed to inflation, thus protecting against rising prices.

With the population of older people growing, the demand for healthcare facilities could rise in the coming years, thus expanding the addressable market for NorthWest Healthcare. Further, the company is expanding its footprint in high-growth markets, such as the United States, the United Kingdom, Australia, and Canada. These expansions could boost the company's cash flows, making its payout sustainable. Meanwhile, with a monthly dividend of $0.0667/share, its forward yield stands at a juicy 7.89%.

Fortis

Second on my list is **Fortis** (TSX:FTS). The Canadian utility company has lost over 15% of its stock value this year due to rising interest rates. The correction has dragged its valuation down to attractive levels, with its NTM (next 12-month) price-to-earnings ratio standing at 16.7.

Meanwhile, the company's track record looks solid. Supported by its low-risk utility assets, the company has delivered total annual shareholders' return at a CAGR (compound annual growth rate) of 12.1% over the last 20 years, outperforming the broader equity markets. Also, it has one of the longest dividend-growth records of Canadian public companies. It has increased its dividend for the last 49 consecutive years, with its yield currently standing at 4.5%.

Meanwhile, Fortis looks to grow its utility and renewable asset base and has planned to invest around $20 billion from 2022 to 2026. These investments could expand its asset base at a CAGR of 6%, thus boosting its cash flows. So, the company's management is hopeful of raising its dividend at an annualized rate of 6% through 2025.

Waste Connections

With 18 consecutive years of positive total shareholders returns, **Waste Connections** (TSX:WCN) is my final pick. Given the essential nature of its business and strategic acquisitions, the company has been delivering solid returns over the last five years, with its revenue and adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) growing at 18.2% and 16.4%, respectively.

The company's development pipeline looks healthy. It has two recycling facilities and two renewable natural gas facilities under construction, which could become operational in 2023. It is also working on completing acquisitions that can raise its annual revenue by US$225 million. The rising energy demand due to the ongoing geopolitical tensions has increased exploration and production activities of oil-producing companies, thus driving the demand for the company's services. So, I believe Waste Connections is an ideal stock to sail through this volatile period.

CATEGORY

1. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

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

PP NOTIFY USER

1. kduncombe
2. rnanjapla

Category

1. Investing

Date
2025/07/20
Date Created
2022/10/17
Author
rnanjapla