



2 Stable TSX Stocks to Own in Unstable Markets

Description

Inflation has remained incredibly high this year, and central banks have enacted several steep interest rate hikes to control it. The Canadian equity market has been going through a [bear market](#) between rising interest rates, inflation, and other macroeconomic factors.

The **S&P/TSX Composite Index** is down by 12.4% from its 52-week high as of this writing. The Canadian benchmark index reflects how most of the stock market continues to decline this year.

While every investor might hope for some respite, it is unclear whether the market weakness will dissipate anytime soon and make way for a recovery. Fortunately, not all **TSX** stocks are having a bad year in 2022.

Today, I will discuss two solid stocks with solid underlying businesses you can add to your self-directed portfolio. Let's look at both a business model resistant to broader economic conditions and one that benefits from rising living costs. These two TSX [dividend stocks](#) can be excellent investments in a bear market to add some stability to your portfolio.

Fortis

Fortis Inc. ([TSX:FTS](#)) is often considered a pillar of stability for Canadian stock market investors. The \$25.54 billion market capitalization Canadian utility holdings company owns and operates several natural gas and electricity utility businesses across Canada, the US, Central America, and the Caribbean.

The company generates most of its revenue through highly rate-regulated and long-term contracted assets. This revenue stability creates predictable and reliable cash flows. Fortis offers an essential service, allowing the company to earn money regardless of broader economic environments.

2022 has seen Fortis stock's share price performance decline. Regulated utility companies have a solid business model that generates predictable revenue. However, they also rely on a debt-heavy approach. Rising interest rates have impacted its short-term performance, but its declining share prices

can be a good thing.

As of this writing, the Canadian Dividend Aristocrat trades for an 11.8% year-to-date discount at \$53.35 per share. Its discounted share prices have inflated its payouts of a juicy 4.24% dividend yield. The business is stable. All considered, rising interest rates have only made it a more attractive investment to consider for stability and reliable dividend income.

Dollarama

Dollarama Inc. ([TSX:DOL](#)) is a business that thrives when broader markets decline. The \$22.8 billion market capitalization dollar store is the largest of its kind in Canada. Operating over 1,400 locations in Canada and with a growing presence in Latin America through a subsidiary, the company has plenty of avenues to generate cash flows.

With rising living costs, consumers want to cut down expenses, making businesses like Dollarama the go-to resource for many people.

By offering goods at lower costs, more shoppers are choosing Dollarama to get their essentials while keeping their expenses down. The stock's popularity is reflected in its share price performance this year. As of this writing, Dollarama stock trades for \$79.41 per share, up by 25.2% year to date. A drastic contrast from the rest of the Canadian stock market.

Offering quarterly payouts at a meager 0.28% dividend yield, it can be an excellent addition to your portfolio during volatile market environments.

Foolish takeaway

Well-capitalized and with resilient business models, the TSX boasts several publicly traded companies that have managed to outperform the rest of the market. Identifying and investing in high-quality companies well-suited to harsh economic environments can be an astute way to preserve your investment capital.

Once you add that degree of stability to your portfolio, you can consider making riskier investments with high return potential with capital you have available to invest. Fortis stock offers stability in bear markets, while Dollarama stock delivers stellar growth. These two TSX stocks can be excellent assets to buy and hold during any market environment.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:DOL (Dollarama Inc.)
2. TSX:FTS (Fortis Inc.)

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