



2 TSX Stocks Safer for Investing in a Recession

Description

2022 has been a very volatile year. That volatility is expected by many to continue into 2023, and an increasing number of pundits see a mild recession on the horizon (if one is not here already). That has many investors, particularly [newer investors](#), scrambling to find TSX stocks that are safer for investing in a recession.

Let's look at a few intriguing options to consider.

What does “safer” for investing in a recession mean?

Let's start with something that all investors should know and be reminded of. All stocks, no matter how secure or [defensive](#) they appear to be, carry some risk.

The best way to counter that risk is by diversifying your portfolio with a multitude of investments across the market. This minimizes the risk of any one single stock dragging down your portfolio.

Let's talk about **Fortis** ([TSX:FTS](#)). Fortis is one of the largest utilities in North America, with operations across Canada, the U.S., and the Caribbean. So far in 2022, Fortis is trading down 12%.

The defensive appeal of a utility is well known. Utilities like Fortis generate a stable and recurring revenue stream for providing utility services. And the details of that service are set out in regulatory contracts that span decades.

This makes utilities incredibly stable businesses. In addition to the appeal of the utility to generate revenue, let's also mention the necessity of the service being provided. During market slowdowns, people try to cut costs by consuming less. Often, this means changing shopping habits or eating out less.

That same frugality can't really apply to your utility service, and that only furthers the appeal of Fortis.

That stable revenue stream allows Fortis to invest in growth and reward shareholders with a generous

dividend. That dividend currently works out to a respectable 4.25% yield. That means a \$25,000 investment will earn an income of just over \$1,060 in the first year.

Finally, Fortis has an established precedent of providing annual generous bumps to that dividend. That cadence goes back an incredible 49 consecutive years, making Fortis one of the stocks that's safer for investing in a recession.

Stable growth for nearly two centuries

When compiling a list of two TSX stocks that are safer for investing in a recession, it's hard not to think of Canada's big banks. They all boast impressive domestic branch networks that generate billions and intriguing expansion efforts outside Canada.

The banks also boast juicy dividends that, in some cases, have been paid out without fail for nearly two centuries. But which big bank is best for your portfolio?

That would be **Bank of Montreal (TSX:BMO)**. BMO is not the largest of the big banks, but it is the oldest and has been paying out dividends the longest.

Additionally, BMO has massive long-term growth potential that comes in the form of its acquisition of California-based Bank of the West. The US\$16.3 billion deal signed late last year has the potential to unlock massive long-term growth. Specifically, BMO will add over 500 branches to its existing U.S. network in new state markets.

Those branches will also bring in well over \$100 billion in loans and deposits that serve a whopping 1.8 million customers.

Turning to income, BMO offers investors a quarterly dividend that carries a yield of 4.24%. Using that same \$25,000 example, investors will earn another \$1,060 in annual income. And as with Fortis above, investors not ready to draw on that income can reinvest it until needed.

Finding stocks that are safer for investing in a recession isn't hard

Finding the right mix of stocks doesn't need to be hard. Both BMO and Fortis above are great long-term options that have weathered market slowdowns in the past without issue. They both also continue to provide annual bumps to their dividends, which is an important point that's often dismissed.

In my opinion, one or both stocks should be core parts of every well-diversified portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BMO (Bank Of Montreal)

2. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
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