



Worried About Donald Trump? Check Out This Disaster-Proof Portfolio

Description

Nearly two weeks have passed, and it's still a major story. Nobody is really sure what a Donald Trump White House will look like.

Trump supporters are excited, just waiting for the president-elect to start making some of the changes he promised. These folks are welcoming a tougher stance on immigration and look forward to protectionist policies keeping more jobs in the United States.

Many Trump critics think he will be the worst leader the United States has ever had. Protectionist policies don't work, they argue. The Great Depression proved that. They also think his proposed spending plan will hike interest rates at a time when the economy just can't afford it.

In other words, Trump is going to lead us all to economic ruin.

I've never been one to invest strictly for tough times. Sure, the market corrects every now and again—sometimes violently—but it inevitably recovers. I'd rather bet on the overall trend than the painful outliers.

But at the same time, it is possible to invest with the possibility of a recession in mind. Here are three stocks that should do well no matter what happens, but will offer a little protection if there's economic weakness.

Grocery

No matter what happens, we all have to eat. In fact, as times get tougher, we tend to avoid spending money at restaurants and eat more at home.

That's good news for Canada's top grocers, especially **Loblaw Company Limited** ([TSX:L](#)). It dominates Canada's retail landscape, owning more than 1,400 grocery stores and some 700 Shoppers Drug Mart locations. The company will sell more than \$45 billion worth of groceries, general merchandise, and prescriptions to Canadians in 2016.

There are a number of advantages of being the biggest. Institutional money will flow into the stock once the market starts to get excited about the name. And it's easier for the biggest grocer to negotiate lower prices from suppliers.

Loblaw shares trade hands at just over 15 times 2017's projected earnings—a reasonable valuation. And remember, it was one of the few stocks that actually went up in 2008 as the rest of the world was melting down. No matter what happens to the market, it should do fine.

Health care

It's as inevitable as death and taxes. We are all getting older, and we will all need more health care as we get older.

There are several ways for Canadian investors to play this trend. My favourite is **Extendicare Inc.** ([TSX:EXE](#)), which is one of Canada's largest owners and operators of retirement homes. It also has a robust home-health division, which should grow significantly over the next decade as more and more seniors stay in their homes for as long as possible.

Extendicare is trading at close to a 52-week high, but shares are hardly expensive. The company is projected to post adjusted funds from operations of approximately \$0.80 per share in 2016, putting shares at just over 12 times earnings. Extendicare also pays investors a generous 4.9% yield, which always helps boost total returns.

Alcohol

They say alcohol is the ultimate recession-proof business. We drink when we're happy and we drink when we're sad.

There are two ways for Canadian investors to get exposure to the space. The first is through **Corby Spirit and Wine Ltd.** ([TSX:CSW.A](#)), which is the owner of many top spirit and wine brands in Canada. It also serves as the exclusive distributor of many European brands.

The other is through the largest publicly traded retailer of alcohol, **Liquor Stores N.A. Ltd.** ([TSX:LIQ](#)). The company has faced its share of challenges lately—which culminated in a dividend cut—but it has been profitable thus far in 2016. Management has also done a nice job paying down the company's debt.

Both Corby Spirit and Wine and Liquor Stores pay dividends of approximately 3.5%.

The bottom line

The beauty of this so-called disaster-proof portfolio is that it should perform well under varied market conditions. It's easy to make the case for owning grocery, healthcare, and alcohol stocks in your portfolio no matter what happens. The added protection given by these sectors is a nice bonus.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:EXE (Extendicare Inc.)
2. TSX:L (Loblaw Companies Limited)

PARTNER-FEEDS

1. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/08/26

Date Created

2016/11/21

Author

nelsonpsmith

default watermark

default watermark