



How I'd Invest \$10,000 in 2019

Description

The opening weeks of 2019 have put smiles back on the faces of many investors. The S&P/TSX Composite Index was already up 5% year to date as of close on January 15. Investors that bought the sizable dip in late December have been able to scoop up nice gains.

All that said, there are economic headwinds on the horizon that promise to usher in volatility as we move further into the year. GDP growth in Canada and the United States has been [downgraded for 2019](#), with Canadian growth set to drop to 1.7% for the year. Rising trade tensions are also expected to weigh on global growth.

Today, we will explore the hypothetical of how to invest \$10,000 in the current environment. I want to go over two stocks that are worth consideration in January, as investors are forced to adjust to slower growth in domestic and international markets.

Andrew Peller ([TSX:ADW.A](#))

Andrew Peller is an Ontario-based wine-producing company. So-called sin stocks, which include those in the alcohol industry, are appealing targets in a precarious economic environment. To call the alcohol industry “recession proof” is perhaps a step too far, but the wine, beer, and spirits industry proved resilient during the Great Recession.

In fiscal 2008, Andrew Peller reported what were at the time record results. Gross profit margin increased from the prior year, and the company saw normalized net earnings grow 10%. Andrew Peller is expected to release its fiscal 2019 third-quarter results in early February. In the first six months of the year, the company has seen sales rise 10% year over year and adjusted EBIT post 15.4% growth.

Andrew Peller stock was nearing overbought territory as of close on January 15. Value investors may want to await a pullback before stacking early this year, but Andrew Peller is an attractive hold going forward.

Kirkland Lake Gold (TSX:KL)(NYSE:KL)

Kirkland Lake Gold is a Toronto-based gold producer. Shares had climbed 28.5% over the past three months as of close on January 15. Earlier this month, I'd discussed why investors [should hold gold equities in their portfolio this year](#).

The spot price of gold has been static in January as North American indexes have rebounded to start the year, but the yellow metal is still a great bet with economic storm clouds on the horizon. A dovish turn from central banks in Canada and the United States also bodes well for gold. Former U.S. Federal Reserve chairwoman Janet Yellen recently speculated that the Fed had made its last rate hike this cycle in December 2018. A pause on the rate-tightening cycle, or even a potential reversal, is a bullish sign for gold prices going forward.

Kirkland Lake stock has dropped back below overbought territory in January. The company posted record quarterly gold production in Q3 and will benefit massively from higher prices ahead of its Q4 release. The stock also offers a modest quarterly dividend of \$0.03 per share, which represents a 0.3% yield.

Conclusion

The early January bump is promising, but I am still approaching 2019 with caution. That is why I want to target recession-resilient stocks like Andrew Peller and hedges in the form of gold equities like Kirkland Lake this year.

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