



How to Increase the Safety of Your Portfolio With Just 2 Stocks

Description

Have you ever heard the phrase, “One man’s trash is another man’s treasure”? If ever there were a stock that encapsulated this idiom, it’s **Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)). The commercial services company has made a business out of waste, turning trash disposal and recycling into cold, hard cash.

Why should investors consider a commercial services investment? Over the years, Waste Connections has shown an [increasingly solid performance on the TSX](#), while exhibiting low volatility. This combination of growth and defensive qualities makes it a dividend stock fit for the harshest of economic climates. Indeed, even a deep market correction is unlikely to have a profound impact on Waste Connections’s bottom line.

Growth and passive income in a highly resilient sector

Having multiplied its share price by eight times over the last decade, Waste Connections has also seen significant growth in the income department. Needless to say, the company is highly profitable and commands a [dominating position in a recession-proof industry](#), making it defensive enough to buy and hold for the long term. With customers across the U.S. and Canada, it’s sizable enough to pull down significant revenue.

This is what makes it a dividend stock fit for a long-term spot in your portfolio. While its current yield comes in on the modest side at 0.49%, the way this company is growing means that payments are likely to be more substantial down the line. In fact, this health and growth combo is one of the top indicators of a dividend-paying stock worthy of a recession-ready investment.

A healthy ticker with an impressive track record (see a five-year leap in revenue of 145% and net income of over 300%), Waste Connections has everything to play for in terms of future growth, which is likely to see the company swallow and incorporate other assets while rewarding stockholders with increasing dividends.

Buddy up with another recession-proof industry

A stock you may want to pair with Waste Connections is **Park Lawn** ([TSX:PLC](#)). The funerary and memorial service provider has a lot of the same characteristics as the former stock, offering access to a recession-proof industry, albeit a rather different one. Park Lawn shares Waste Connections's good health, strong track record, and amazing capacity for growth, while also rewarding loyal shareholders with some stress-free passive income.

Paying a dividend that's currently yielding 1.55%, Park Lawn is a good choice for a defensive investor seeking long-term passive income from a sector unlikely to be affected by a depressed economy. Park Lawn has already shown how impervious to a downswing it can be after scaling 52-week highs during one of the worst sell-offs of the past 12 months. The beginning of June was nothing short of a bloodbath, and yet Park Lawn thrived.

The bottom line

Holding Waste Connections and Park Lawn together is a smart play ahead of a potential recession, with the combination offering some diversity. Both companies are leaders in their fields, while offering access to sturdy, all-weather sectors that are unlikely to be affected by a correction in the markets.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:WCN (Waste Connections)
2. TSX:PLC (Park Lawn Corporation)
3. TSX:WCN (Waste Connections)

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Date

2025/08/26

Date Created

2019/06/20

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