3 Recession-Proof Stock Picks for July

Description

Your portfolio likely isn't protected from a recession. That weakness could erase your gains in a matter of weeks.

Fortunately, several stocks have strong histories of sidestepping economic downturns. Some have recession-resistant business models, while others are lead by savvy management teams that position the company for success.

If you want to protect your nest egg, you've come to the right place. The following stocks aren't only recession-proof. In fact, some have actually *gained* in value during a global bear market.

Let's dive in.

Bulletproof business

Hydro One Ltd. (TSX:H) is one of the safest stocks on the market today. Its business model is as bulletproof as it gets.

That's because Hydro One's business is nearly entirely regulated, which means it's guaranteed a certain level of revenue each year. All it has to do is supply its customers with power. Given that its power sources run off hydroelectric facilities, which are extremely reliable and low cost, Hydro One rakes in high levels of cash flow each quarter with few interruptions.

If a market-wide downturn occurs, I wouldn't be surprised if Hydro One investors actually *profited* during the collapse. That's how strong this stock is.

At 16 times forward earnings and a dividend yield of 4%, the shares appear fairly priced. If a bear market hits, this is one of the best places to hide.

Trust the master

Fairfax Financial Holdings Ltd. (TSX:FFH) is led by famed investor Prem Watsa. Only a handful of investors, such as Warren Buffett, have a similar track record. That's not surprising considering that Fairfax Financial operates in nearly the same way as Buffett's **Berkshire Hathaway Inc**.

Since 1985, Watsa has grown Fairfax's book value by an astounding 18.5% per year. The stock price has followed suit, rising by 17.1% per year. If you had invested $10,000 in 1985, your nest egg would now be worth more than $500,000!

It's important to note, however, that the stock did have some long stretches of underperformance. From 1999 t0 2006, for example, book value didn't grow at all. The next 24 months saw book value abruptly double.

These periods of underperformance have always been amazing buying opportunities.

Since 2014, book value has only increased by a total of 7%. That's caused many investors to jump ship, pushing the stock to trade at just 1.1 times book value. It's time to trust the master and buy into this multi-decade winner.

The long game

Brookfield Infrastructure Partners L.P. (TSX:BIP.UN)(NYSE:BIP) isn't as resilient as the stocks above, but it has another ace up its sleeve.

This company focuses on building and acquiring infrastructure assets around the world. The biggest growth driver for these assets is rising global populations. As more people are born, demand for infrastructure like highways, railroads, and ports will continue to surge.

Because this opportunity will last for decades, any dip in the share price should be an attractive buying opportunity. However, the fact that its assets are critical to local, national, and global economies will reduce the likelihood of a share price correction. Even if you buy a bit early, the 3.3% dividend should make the wait more comfortable.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:BRK.B (Berkshire Hathaway Inc.)
3. NYSE:BRKA (Berkshire Hathaway Inc.)
4. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
5. TSX:FFH (Fairfax Financial Holdings Limited)

6. TSX:H (Hydro One Limited)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date
2025/06/29
Date Created
2019/07/05
Author
rvanzo