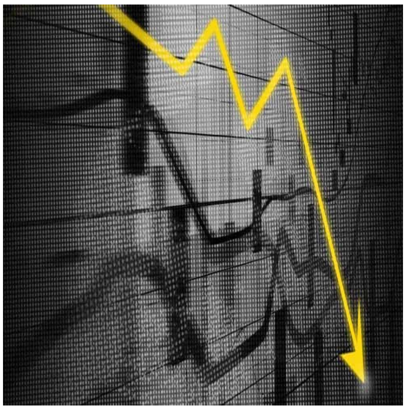

Recession Worries? Stash These Stocks and Stay Invested

Description

The storm clouds are gathering, and not just on this continent; all around the world, central banks are cutting interest rates, while increasing fears of market downturns are now plaguing several of the world's biggest economies.

While some stockholders are beginning to mull emptying their portfolios, there are still some asset classes that could shelter a wary investor's cash. Below, we'll take a look at the growing global economic crisis and see which investments still look stable.

What do you get if you cross a trade war with Brexit?

Unfortunately, it's not a joke — far from it. Two scenarios that have become part of the economic landscape are now coming into sharp focus, rushing together like two mighty rivers culminating in a great recessionary sea. Brexit could be the black swan event of the year, though it's not the only country looking at recession.

Indeed, Germany's central bank has just warned that the European powerhouse could, in fact, be slipping into a recession, with its GDP set to continue its subtle decline.

With data suggesting that Brazil entered a recession during the second quarter and Mexico having just missed one, at least five large economies are teetering on the edge of a major market correction, with Italy's flatlining growth and the British economy having shrunk ahead of Brexit.

What should Canadian investors do to stay safe?

The classically defensive assets seem the best play at the moment, with utilities being an obvious top choice. **Fortis** (TSX:FTS)(NYSE:FTS) is often held up as being the safest of such stocks for its good health, solid outlook, defensible economic moat, and low reliance on international trade.

Other solid plays include apartment REITs and consumer staples, with affordable grocery outlets being some good choices among the former asset class.

To go back to apartment REITs, two of the best to take a look at would be **Northview Apartment REIT** (TSX:NVU.UN) and **Boardwalk REIT** (TSX:BEI.UN).

Northview Apartment REIT is still exhibiting fair valuation, trading near book value and with a low P/E of 6.53 times earnings. Even after enjoying a boost of a few percentage points over the last few days, as investors seek safe-haven assets, the stock pays a handsome dividend yield of 5.74%.

Paying out a yield of 2.3%, Boardwalk REIT's distribution is on the lower end of the scale; meanwhile, the multifamily real estate aspect of the stock makes for a solidly defensive play. At the time of writing, the stock has jumped over 10% in the last five days of trading to sit midway between its year-long extremes.

In terms of dividends, Fortis pays a yield of 3.31% and has one of the best track records of any North American stock in terms of its distribution and growth of payments. The suitability of this rock-solid utilities ticker to essentially any portfolio should be kept in mind if the Bank of Canada cuts the interest rate in line with a growing number of global central banks.

The bottom line

Beyond precious metals, Canadians looking to get defensive should look at swapping out high-risk assets for utilities and certain REITs. Fortis is often held up as an exemplary choice in the former asset class, while the two REITs listed here are a good place to start for defensive real estate exposure.

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