Worried About a Recession? 3 Stocks That Can Help Diversify Your Portfolio and Add Dividends

Description

Fears of a recession are on the rise, and even if one doesn't happen, investors may still want to look at adding some diversification to their portfolios just in case. The three stocks below can give investors some great options for diversifying their holdings while also adding some dividend income along the way:

North West Company Inc (TSX:NWC) is not your average retailer, as unlike many stores that focus on urban areas, the company has a strong presence in remote markets. Key areas that it serves include the northern parts of Canada, Alaska, the Caribbean, and South Pacific islands.

The approach allows North West to face fewer competitors and at the same time provide necessities to consumers. Although growth hasn't been significant in the years, North West's sales have risen by a modest 12% in three years, while profits have increased by 24% during that time.

Unfortunately, the company's recent quarterly results have not been strong enough to impress investors, as the stock has fallen around 9% year to date.

The good news is that has made the stock a cheaper buy, as it's now trading at around 15 times its earnings. North West could be an attractive option for investors looking for a safer retail investment and it pays a dividend yield of around 4.6%.

Chorus Aviation Inc (TSX:CHR) could attract a lot more investors, as we may soon be seeing fewer airline stocks on the **TSX.** While traffic might slow down during a recession, a stock like Chorus can still provide a valuable way for investors to diversify.

Unless things go terribly wrong for the company, the stock could also provide investors with a good source of dividend income, as it's currently yielding around 6.3%. Dividend income can be very valuable at a time when capital appreciation may be hard to come by.

However, Chorus currently trades at around 10 times its earnings and could be a good value buy for investors.

Not all industries are affected equally during a recession, and adding an airline into your portfolio could help you to spread out some of that risk to ensure that you aren't overly exposed to just one industry.

Chartwell Retirement Residences (TSX:CSH.UN) is a REIT that offers investors a unique play by investing in senior living. While many REITs often focus on office, residential or industrials, Chartwell sets its sights on a safer group: retirement communities.

It's a great example of an area of the industry that is likely going to see more growth in the years to come as the country continues to see more seniors require housing.

It's also a necessity for many Canadians, and so it's not an area in which we would expect to see a big drop in sales due to a recession.

In general, REITs typically have a lot of stability because of the recurring nature of their business, and by focusing on senior housing communities, Chartwell is an even more secure option for investors.

Currently, Chartwell pays investors a very good yield of 4% per year.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CHR (Chorus Aviation Inc.)
2. TSX:CSH.UN (Chartwell Retirement Residences)
3. TSX:NWC (The North West Company Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/15
Date Created
2019/09/27
Author

djagielski