These Stocks Can Survive the 2020 Recession

Description

Is a recession coming in 2020? A growing number of portfolio managers think so. Last month, **Bank of America** released the results of a survey that questioned more than 200 fund managers.

The biggest question was simple: will the global economy enter a recession over the next 12 months? The results were troubling.

According to the survey, the risk of a recession over the next year has hit its highest level since the 2008 financial collapse. This pessimism is new given that fund managers reported historic levels of *confidence* in in the global economy during 2018.

If you're concerned about the value of your portfolio, now is the time to act. Many investors believe they can outsmart the market, but time and time again, they're proven wrong.

Even if you're a few months early, you'll be glad that your investments are ready for a global downturn. Increasing your cash position is a logical first step, but preparing for a recession doesn't necessarily mean selling all of your stocks. In fact, there are two companies that could *thrive* during a bear market.

Play the long game

When a bear market hits, it's a good idea to own companies that benefit from multi-decade opportunities. This way, they can use the downturn to their advantage. Consider **Brookfield Infrastructure Partners L.P.** (TSX:BIP.UN).

This company invests in infrastructure projects that benefit from long-term demand for energy, roads, seaports, and more. At its core, investing in Brookfield is a bet that the world's population will continue to increase, pushing up demand for the infrastructure that it owns.

If a bear market hits, Brookfield will be able to set itself up for an incredible decade ahead. That's because when economies sour, governments scramble to privatize, while private companies look tosell assets in order to shore up liquidity.

Brookfield has proven willing to be the sole buyer in a buyer's market. That's because it takes an active approach to its portfolio, monetizing assets when prices are high, while loading up when prices fall.

Now armed with a reasonable valuation, plenty of buying power, and 4% dividend, Brookfield is a textbook example of a company that can strengthen itself during a downturn.

Visit India

Another company that's following the same playbook is **Fairfax India Holdings Corp** (TSX:FIH.U). Fairfax India is headed by famed investor Prem Watsa, who generated 17% annual returns for decades through his holding company **Fairfax Financial Holdings Ltd**. Fairfax India is his targeted way of betting big on the world's largest democracy.

Over the last 50 years, India's annual GDP growth has averaged above 5%. In 2018, its economy grew by more than 7%, outpacing even China.

India is already the second-largest country in the world by population, and over the next couple decades, will likely become the second-largest economy as well.

Due to favourable demographic trends and a GDP per capita of just $2,000, India should continue to grow even if the global economy stutters. And because Watsa has an on-the-ground network of investors sourcing private market deals, a downturn could actually allow him to scoop up once-in-a-lifetime deals.

As with Brookfield Infrastructure, Fairfax India will probably exit the next downturn strong than ever before.

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rvanzo