



2 Dividend Stocks to Protect Your Portfolio From Recessions

Description

The recent dip of about 4% in the stock market and dips individual stocks are good tests to see if your stock holdings are a good fit for your risk tolerance.

If you're uncomfortable with some of your stock holdings, you can seek [higher-quality businesses that will come through or even thrive in recessions](#). If so, **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) and **Alimentation Couche-Tard** (TSX:ATD.A)(TSX:ATD.B) are two recession-resilience stocks you can consider.

Brookfield Infrastructure

Governments from emerging and developed markets alike are strapped for cash when it comes to funding infrastructure. However, money must be invested in the sector, which is where Brookfield Infrastructure comes in.

Brookfield Infrastructure already owns and operates a global, critical, and diverse portfolio of infrastructure assets, from railroads to data centers, electricity transmission, gas pipelines, and much more.

These assets are essential for the economies they serve and are long-life cash cows. That's why BIP has increased its cash distribution by 11% per year in the past 10 years or so. Currently, it's good for a nice yield of roughly 4.2%.

Additionally, BIP is a value investor. It seeks to buy quality infrastructure assets at the right valuation, and it sells mature assets when the money could be better invested elsewhere.

For example, recently, the company sold US\$1 billion of mature assets for a whopping rate of return of 17% and is redeploying the capital into higher-return investments, including Indian telecom towers and North American gas pipelines and rail.



Alimentation Couche-Tard

Alimentation Couche-Tard has a global network of about 16,000 convenience stores. Most of its stores in North America and Europe also provide road transportation fuel dispensing, which encourages repeat visits.

Couche-Tard's earnings and cash flow are sturdy and consistent through economic cycles. It maintained its dividend growth policy through the last recession. In fact, it's increased its dividends with flying colours — a 12-year dividend growth rate of more than 22% per year!

Going forward, investors can still expect dividend increases of about 10-12% per year on average, which aligns with the company's earnings growth. Growth is the key driver for price appreciation and total returns in stocks; therefore, don't be deterred by Couche-Tard's small yield of 0.6%.

Because of Couche-Tard's large size, it benefits from economy of scale. Additionally, it has largely rolled out the unified Circle K brand, which is about 75% done in the United States, 81% in Canada, and nearly complete in Europe. The one-brand strategy should allow Couche-Tard to save costs in marketing and build brand loyalty easier.

Investor takeaway

To attain peace of mind, consider holding [recession-resilient dividend stocks](#), such as Brookfield Infrastructure and Couche-Tard, in your diversified portfolio. You can count on the quality businesses to do well in good and bad economic times. Meanwhile, generate passive income from their rising dividends.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:ATD (Alimentation Couche-Tard Inc.)

3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

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