This 3-Stock Portfolio Will Protect Your Money During a Market Crash

Description

It seems like all the signs are pointing to an imminent recession.

The big one is the yield curve. When short-term interest rates are higher than long-term ones, that's usually a pretty big recession warning signal. Other recession indicators are flashing red too, including a projected decrease in corporate profits, weakness in manufacturing orders, and a slowdown in freight shipments.

It's obvious a recession will happen at some point. We can't keep growing forever. And since it's impossible to predict exactly when a recession will happen, the only logical conclusion is that investors should start to prepare for one today. Then, when it's obvious the event is happening, you can just sit back, relax, and let everyone else panic.

You don't really need to take drastic steps to prep your portfolio, either. All someone really needs to do is a little tweaking, usually just by selling a few higher-risk positions in exchange for more boring stocks. That's really about it.

Let's take a look at three boring stocks that will help any portfolio weather an imminent recession.

Rogers Sugar

Rogers Sugar (TSX:RSI) is the perfect recession stock. Industries don't get much more boring than the sugar business, and the Canadian government protects the sector by putting tariffs on imported sugar. This has created a very comfortable duopoly atop the industry, with Rogers and competitor Redpath owning the market.

Demand for sugar will continue to be pretty steady, no matter what happens to the underlyingeconomy. Investors should be a little more concerned about the company's recent expansion into themaple syrup business, since results from that segment haven't been up to expectations. The companyplans to make investments to try to help the struggling division, and we should see improvements by2020.

Rogers pays a generous 6.7% yield, a payout that hasn't changed since 2011. This dependable dividend stream should get extra valuable during a recession, especially if interest rates fall.

BCE

The telecom sector is incredibly recession-resistant. After all, you're not going to give up your cell phone or internet connection unless things get really bad. They're both necessities in today's inter-connected world. This is good news for **BCE** (TSX:BCE)(NYSE:BCE) shareholders during an upcoming downturn.

Investors might remember how BCE performed back in 2008-09, during a recession that will go down as one of the worst ever. Shares of Canada's largest telecom held steady throughout storm, quietly stabilizing a portfolio while the rest of the market melted down. There's no reason to expect anything different during the next recession.

BCE also pays a generous dividend, a payout of 4.9% today. The stock has an excellent history of dividend growth behind it too, which bodes well for long-term investors.

Extendicare

No matter what happens with the overall economy, people are still going to get older and require care. **Extendicare** (TSX:EXE) is Canada's largest long-term care operator with a portfolio of 58 facilities in Ontario and Alberta. The company also has a strong home health division, a rapidly-growing retirement residences division, and a property management division.

The company is taking steps to maximize revenue from long-term care, including renovating certain facilities so they qualify for more government funding. And despite new Premier Doug Ford making cuts to other sectors, Ontario long-term care funding looks to be pretty secure. After all, a lot of seniors voted for him.

It's obvious I'm not the only investor who thinks Extendicare would be a smart recession play. Shares are up approximately 10% over the last month and have just hit a fresh 52-week high. Still, the stock should continue to perform well if the economy continues to deteriorate, outperforming riskier stocks.

Finally, like the other stocks on this list, Extendicare pays a generous dividend. The current payout is $0.04 per share each month, enough for a 5.4% yield.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:EXE (Extendicare Inc.)
4. TSX:RSI (Rogers Sugar Inc.)

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