



## REVEALED: 2 Dividend Growth Stocks I'm Holding Through a 2020 Recession

### Description

If you're [ill-prepared for a recession](#), a substantial amount of your wealth could go up in smoke at the drop of a hat. That's why it's crucial for investors to prepare for whatever the markets throw at them with a risk-parity (or all-weather) portfolio instead of trying to time a perfect exit at the top — a pursuit that's next to impossible.

Nobody knows when the markets will peak, and we here at the Motley Fool couldn't care less about trying to find out because we're all about long-term investing through good times and bad.

While the bear could rear its ugly head as soon as next year, I'd encourage investors to look to individual businesses that can hold up relatively well in a down market while still offering the potential for above-average returns in an up-market.

The following two stocks are the largest Canadian holdings in my personal portfolio because they offer the perfect blend of dividend growth and defensive traits, making them long-term outperformers regardless of which direction the markets are headed next. And right now, both names are off over 10% from their all-time highs.

### Alimentation Couche-Tard

[Alimentation Couche-Tard](#) (TSX:ATD.B), the global convenience store kingpin, is my second-largest Canadian holding not only because it's one of the few top-performing consumer staples on the **TSX** (which makes it an ideal stock to own in a down market), but also because management has a proven earnings growth strategy in its niche market.

The global convenience store market remains highly fragmented, and it will likely remain so for at least another decade. Couche-Tard's high growth ceiling is made possible by seemingly endless M&A opportunities and management's synergy-driving talent, both of which have me convinced that the company can continue scaling up rapidly despite its massive size.

As we head into a recession, Couche-Tard could feel a bit of pressure, but not nearly as much as most

other retailers given that consumer goods stores sell a large number of necessities and inferior goods, both of which remain in high demand when times get tough.

Recession or not, management is keen on doing everything under its power to double profitability within five years. That means continuing to drive comps while pulling the trigger on value-producing accretive acquisitions.

Even if we grind to a halt in 2020, Couche-Tard will likely hit its ambitious five-year net income target because, in the end, management is all about creating value for long-term shareholders rather than trying to win over traders with a chance to earn a quick buck.

With high earnings growth comes high dividend growth. Although the 0.64% yield is unremarkable, long-term shareholders will be thrilled to discover that Couche-Tard has the capacity to grow its dividend at a double-digit annual rate over the foreseeable future.

## Restaurant Brands International

**Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) is a fast-food juggernaut that's sold off over 10% simply because 3G Capital, the managers running the show, have been selling a considerable chunk of their shares over the last few weeks.

While there's been ample speculation as to why 3G Capital decided to take profits, I've noted that the actual reasoning may be far less insidious than most investors believe. Insider selling isn't necessarily bad: it happens all the time and for unrelated reasons!

Restaurant Brands has recently been firing on all cylinders with its three promising brands in Burger King, Tim Hortons and Popeyes Louisiana Kitchen; the latter two have a great deal of room to expand at the international level.

Tim Hortons and Burger King have been taking turns at doing the heavy lifting for any given quarter. With ample menu innovations at each of Restaurant Brands' three chains (thanks in part to the rise of plant-based meat substitutes), I do see the potential for off-the-charts organic and inorganic growth in tandem.

As you may be aware, fast food is an inferior good, meaning that its demand goes up during times of economic hardship. As Restaurant Brands continues to spread its wings into new markets while also trying to drive same-store sales at existing locations, a recession is unlikely to get in the way of the growth freight train that is Restaurant Brands. Add huge dividend raises into the equation and you've got the perfect stock to add to on dips.

### CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)

2. TSX:QSR (Restaurant Brands International Inc.)

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## **Date**

2025/08/26

## **Date Created**

2019/10/17

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