



Don't Be Spooked by Recessions: 2 Top Dividend Stocks I'd Buy and Hold

Description

When recessions hit, we are surrounded by a dark and gloomy atmosphere that is accompanied by despair and hopelessness. Not only do jobs get slashed, but thousands of families are impacted as a result.

Furthermore, recessions usually lead to a downward spiral that makes a bad situation worse. The last recession triggered a market crash that cut stock prices by half!

However, you don't have to be spooked by recessions. After things turn for the worst, they do get better. Additionally, there is *something you can do right now* to protect yourself and your family financially — identify [top dividend stocks](#) you can buy and hold and earn a surefire passive income in good and bad times!

I've identified two top dividend stocks that I'm very comfortable holding (and buying more of) through recessions because the businesses are resilient to recessions. Let's explore them!

Brookfield Infrastructure

Brookfield Infrastructure Partners ([TSX:BIP.UN](#))([NYSE:BIP](#)) offers a nice yield of 4%, which is about 2.5 times that of a five- to 10-year Government of Canada bond.

The company owns a diverse set of infrastructure assets from different parts of the world. To make things even better, it's a value investor that aims to buy quality assets when they're cheap and take profit in mature assets.

For example, recently, BIP secured US\$1 billion of sale proceeds on selling four mature assets, which delivered total returns of 17% per year on average! The proceeds are going into higher-return businesses like Indian telecom towers, New Zealand data distribution, North American rail, and North American pipeline.

Through economic cycles, quality infrastructures are utilized. So, BIP is resilient against recessions.

Moreover, the global infrastructure sector is growing.

In the near to medium term, BIP has its eyes set on building South American electricity transmission assets, adopting and installing smart metres, increasing the U.S. natural gas pipeline capacity, and rolling out data centres in South America and Asia Pacific.

To get a taste of how wonderful a business BIP is, simply check out its cash distribution hikes. In the last 10 years, BIP nearly tripled its payout, specifically, increasing it by 11% per year on average.

Investors are encouraged to buy BIP shares on any meaningful dips.



A&W

A&W Revenue Royalties Income Fund ([TSX:AW.UN](https://www.scribd.com/document/444444444/TSX-AW-UN)) is a capital-light business, as franchisees pay to build new stores. A&W simply sits back and collects a 3% royalty on every sale that's made at the 934 stores.

Meals at the burger chain are very affordable and boasts to use real, quality ingredients, which reflect in the taste. As a result, A&W can withstand the temporary impact a recession brings.

In the last recession, A&W's cash flow generation didn't budge at all so that it could easily maintain the cash distribution.

Over the years, as it saw growth, A&W had accordingly increased its cash distribution. For example, in the past three years, A&W experienced above-average growth, which trickled down to cash distribution increases of 5.2% per year on average.

Currently, the stable stock offers a yield of 5.1%, which is about 3.2 times that of a five- to 10-year Government of Canada bond. The stock is a decent value today. So, investors can accumulate shares now.

Remember that A&W pays a non-eligible dividend. So, investors should consider holding the stock in registered accounts such as RRSPs, RDSPs, RESPs, and TFSAs instead of in non-registered accounts to save more taxes on the passive income.

Investor takeaway

Brookfield Infrastructure and A&W are two [recession-resilient businesses](#) that I'll be glad to buy and hold through recessions and *really* all economic cycles to generate growing passive income. After you research more on the businesses, I'm sure you'll come to a similar conclusion.

Stay hungry. Stay Foolish.

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TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:AW.UN (A&W Revenue Royalties Income Fund)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

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