The Canadian Stock Market's Bumpy Ride Is About to Get a Lot Bumpier

Description

The outlook for Canada isn't bleak, albeit it isn't exactly perky. Based on forecasts, the growth estimate is around 2% this year and could slow down to below that rate starting in 2020. While Canada's economy is resilient, it's about to face a test due to the trade risks and deteriorating global conditions.

The **TSX** will also be under stress that it could lead to an equity bear market. With a bumpier road ahead, you should invest in companies that can overcome your fear of a market calamity. Wrong choices will only crank up your anxiety level.

Conquer your fear

The price of **Algonquin** (TSX:AQN)(NYSE:AQN) has been bouncing around since the start of the fourth quarter, but the stock is up 32.75% year to date. This $8.75 billion regulated utility company remains one of the outstanding choices of panicky investors.

You'll be confident parking your money in Algonquin because of its diversified portfolio of regulated utilities and non-regulated power assets. The company is the owner and operator of green and clean energy assets consisting of hydroelectric, thermal, wind, and solar power facilities.

A pair of operating subsidiaries – Liberty Power and Liberty Utilities – handles the sustainable utility distribution businesses such as electricity, natural gas, and water.

If the Canadian economy is looking to grow at 2% or less, the business outlook for Algonquin is four or five times better. The company expects its diversified portfolio of regulated utilities and non-regulated power assets to grow EPS by 8% to 10% through 2023.

This dividend stock yield 4.23%, and the annual dividend growth estimate through 2021 is 10%. The forecasts are consistent with the everlasting demand for electricity and natural gas services.

Get the better of the situation

If Algonquin stands out in the utility sector, **SmartCentres** (TSX:SRU.UN) rules the real estate sector. This $5.33 billion real estate investment trust (REIT) can calm down fearful investors because of its diversified real estate portfolio.

The focus of SmartCentres is to acquire, develop, manage, and lease well-designed shopping centres and office buildings. Walmart is its dominant anchor tenant. Other value-oriented retailers and big national or regional names complete SmartCentres' prodigious line-up of tenants.

Aside from the high-quality tenants, you'll invest in this REIT stock primarily on the stability of the lease portfolio. It provides a highly stable, recurring, and recession-resistant cash flow. In turn, shareholders receive generous monthly income streams.

SmartCentre is continuing its diversification efforts by developing various property types such as residential housing and seniors housing. Self-storage facilities are being erected in many of its shopping centres all over Canada.

An investor with limited exposure of $50,000 in SmartCentre would receive a monthly passive income of $240.83 based on an annual dividend of 5.78%.

If you double the investment and hold the stock for 10 years, your monthly income would be $628.35. Investing in the stock is a "smart" way to elude a bumpy road.

Ignore the noise

Algonquin and SmartCentres are safe investment choices, as both have faced adversity before. The utility stock has risen by nearly 400% since October 2009, while the REIT stock was able to maintain an average occupancy rate of 98.9% since 2005. Notably, it all happened within the time frame of the financial crisis.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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