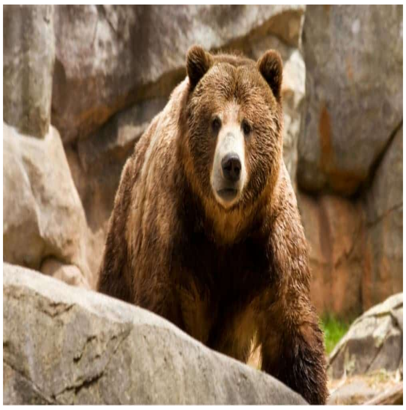

One Super Dividend Aristocrat to Buy for a Recession-Proof Portfolio

Description

Some people are inclined to believe that the next recession is right around the corner, while others believe that perhaps we are witnessing the start of it right now. Several polls taken recently show that both economists and fund managers believe that a recession is highly likely in 2020.

I know that it is difficult to predict when a bear market will start. All I know is that when it does hit, it can have devastating effects.

Regardless of where your opinion on the matter stands, as an investor, you know you need to take the right steps to protect your portfolio from its impact. A recession can wipe out years' worth of savings in one painful stroke.

People in the workforce in such a difficult job market might not be able to recover. Retirees might face the dilemma of having to return to work or experience a drastically changed lifestyle.

A recession does not wait for anybody to get prepared. It is high time you take a look at your current holdings and consider their respective historical performances. How did the companies perform during the previous recessions? The chances are that the recession may have severely impacted the stocks you are currently holding.

Many investors think that selling before a market downturn can save them, but that is much easier in theory than in practice. I would suggest you reassess your portfolio and add something to it to prepare yourself *today*.

Strong and steady stocks

In times of economic uncertainty and recession, people cut down on their costs to accommodate only the essentials. You will not find a lot of people looking for luxury clothing or buying the latest phones. People will not care much about the top-performing weed stocks or the ones that will tank. They want to make sure they can secure their financial situation to weather the storm.

Ideally, you need to invest in shares of a company that can hold itself steady through a recession, and that it can provide you with a decent income, despite the recession. A healthy dividend-paying stock like **Canadian Utilities** (TSX:CU) might be your best bet for tough times. Let us take a look at why.

A history of returns

If you invested $5,000 in Canadian Utilities a decade ago, you might have stood on $28,000 for that money today, assuming that you reinvested the dividends you received during that time. That is a remarkable return of over 450% over a decade. Not many stocks can come even close to providing such returns on the TSX, let alone utility companies.

Another reminder of the company's reliability is its dividend-growth streak of 47 years, including the recent 2009 crash and the 2001 dotcom bubble burst. Canadian Utilities is the only dividend super-aristocrat trading on the Toronto Stock Exchange.

While companies were buckling under the pressures of the economic downturn, Canadian Utilities kept on increasing dividends for its shareholders.

Foolish takeaway

Canadian Utilities shares are trading for $37.94 each, 21% higher than it started the year. The utility firm offers a healthy 4.46% dividend yield. The dividend-growth streak spanning almost half a century makes Canadian Utilities even more attractive.

If you are looking for a stock to recession-proof your portfolio, Canadian Utilities should be a no-brainer.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CU (Canadian Utilities Limited)

PARTNER-FEEDS

1. Business Insider
2. Msn
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Date
2025/07/22
Date Created
2019/11/06
Author
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