



## 4 Bulletproof Stocks for the Next Recession

### Description

Is the next recession on the way? Economists and fund managers think so.

According to multiple recent surveys, an alarming number of market insiders report that a recession in 2020 is a high possibility. While timing is never certain, the devastating effects of a recession certainly are.

Bear markets can absolutely destroy your portfolio. Take a look at the 2008 and 2009 financial crisis if you need to refresh your memory.

In the great recession of 2008, millions lost their jobs, while countless others lost their life savings. As investors, it's easy to become complacent, especially at the tail end of a decade-long bull market.

Few investors today are prepared for another recession, so don't be caught off guard. As Warren Buffett says, a rising tide lifts all boats, but only when the tide comes in do you see who's been [swimming naked](#).

Now's the time to position your portfolio for success. By owning the following four stocks, you can mitigate your risk and protect your savings from destruction. Don't worry about missing out, either: these stocks have performed well in both bull *and* bear markets.

### Old and reliable

**Hydro One Ltd** ([TSX:H](#)) is a Canadian classic. Owned by the government until 2014, Hydro One has been slowly privatized. Today, roughly half of the company is up for grabs, resulting in a \$15 billion market cap.

Hydro One is in charge of delivering electricity to Ontario. Its transmission lines cover 98% of the province.

Its revenue is largely rate-regulated, meaning that its profits are essentially set in stone each year. That

provides an extreme level of stability, allowing it to pay a 4% dividend that management intends to grow by at least 5% per year.

## Benefitting from disaster

**Constellation Software Inc.** ([TSX:CSU](#)) stock has skyrocketed by 6,000% since 2006. The source of its profits is society's ongoing efforts to automate everything.

Constellation owns a large portfolio of niche software products that help companies automate mission-critical processes.

This saves the customer money, but because the software is so specialized, they often have zero alternatives. This provides Constellation with a reliable source of recurring, high-margin revenue.

As long as companies continue to automate, Constellation will find a way to win. After all, companies seek to cut costs and improve efficiency at every stage of the economic cycle.

## Play it safe

**CT Real Estate Investment Trust** ([TSX:CRT.UN](#)) owns the real estate on which **Canadian Tire Corporation** stores are located. In fact, the companies used to be one in the same, until CT Real Estate was spun out into a dedicated business vehicle.

Canadian Tire stores have been a stable presence in the Canadian economy for decades, and because it commits to long-term leases with CT Real Estate, there's very little turnover in any given year.

As long as Canadian Tire remains profitable, however, CT Real Estate will remain strong. Today, it delivers an attractive 5% annual dividend.

## A surprising harbour

Energy isn't usually the safest sector during a downturn, but **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) bucks the trend.

Enbridge is the largest pipeline operator in North America, and because it sells capacity based on volumes, not commodity prices, it's largely insulated from oil price volatility.

In 2014, for example, when oil prices fell by 50%, Enbridge stock actually rose. Its 6% dividend is icing on the cake.

Canadian oil and natural gas production is expected to rise every year through 2030. As pipelines face limited competition, Enbridge should be able to consistently profit no matter where the economy heads.

### CATEGORY

1. Dividend Stocks

2. Energy Stocks
3. Investing

#### **TICKERS GLOBAL**

1. NYSE:ENB (Enbridge Inc.)
2. TSX:CRT.UN (CT Real Estate Investment Trust)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:ENB (Enbridge Inc.)
5. TSX:H (Hydro One Limited)

#### **PARTNER-FEEDS**

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

#### **Category**

1. Dividend Stocks
2. Energy Stocks
3. Investing

#### **Date**

2025/08/22

#### **Date Created**

2019/11/22

#### **Author**

rvanzo

default watermark

default watermark