

## Think We May Not Get a Recession? Think Again

### Description

Although there hasn't been as much talk of a recession lately, especially as U.S. markets have been hitting new all-time highs again, analyzing specific stocks and industries shows a much different story.

Some of the top-performing stocks over the last few months have been [defensive stocks](#), while some of the worst-performing stocks have been growth stocks and those companies that investors are more inclined to buy in expansionary times.

Utilities and other defensive sectors such as real estate continue to see new highs every day and the number-one safe-haven industry on the stock market, [gold miners](#), has barely seen much of a pull back at all.

When the stocks do pull back, it's never to the level they began the year at, showing that investors are increasingly holding more and more defensive positions, even if there has been uncertainty in the likelihood of a recession.

For example, the **iShares S&P/TSX Capped REIT Index ETF** is sitting right at its 52-week high and has appreciated roughly 20% this year, an incredibly large jump for an ETF that usually has very little volatility.

Furthermore, the **iShares S&P/TSX Global Gold Index ETF** is roughly 10% off its 52-week high, but it's still up more than 30% from where it started the year.

As this trend continues, two stocks to add to your portfolio, which will give you defence but that you won't have to over pay for, are **Fortis Inc** ([TSX:FTS](#))([NYSE:FTS](#)) and **Brookfield Asset Management Inc** ([TSX:BAM.A](#))([NYSE:BAM](#)).

### Brookfield Asset Management

Brookfield isn't necessarily a defensive company per se, however its massive diversification in both its operations and the regions it invests in makes it an extremely resilient stock.

What makes it even better to hold throughout a recession is its top-quality management led by its CEO Bruce Flatt, whom some have called the Canadian Warren Buffett.

Brookfield already announced this past week that it's ready for doomsday and is holding lots of cash as a hedge against the markets.

While most investors won't want to see a recession coming, long-term investors of Brookfield will be welcoming a setback in prices, since you know the company will be going to work looking for the best deals to invest all that cash it's been hoarding.

It's periods like these in financial markets that create the best opportunities for companies like Brookfield and is part of the reason why in the last decade, since the end of the last recession, the stock is up roughly 440%.

## Fortis

Buying Fortis today will give you the exposure to defensive and passive-income yielding utilities that so many investors covet, but without getting it at its 52-week high.

In fact, Fortis has come down enough that you can buy it at the midpoint of its 52-week range at the moment, which is probably the best discount you are going to get before the next recession.

The reason why it and its utility peers are so coveted by investors ahead of recessions has to do with its revenue being regulated and its services being indispensable for its customers.

Not to mention, the stock pays an attractive dividend that yields roughly 3.7% and is raised often.

On top of the fact that its funded by predictable cash flow that comes from regulated earnings, the dividend has a payout ratio of just over 50%, meaning it's highly sustainable.

In addition to the businesses being highly resilient in recessions, since investors are aware of this, the demand for the shares will go up as we hit more turmoil in the markets.

That alone will make Fortis one of the best performing stocks over the next while, so adding some exposure today could be prudent.

## Bottom line

The best way to set up your portfolio is to be proactive and always one step ahead of the market, rather than being reactive and waiting for something to happen first.

These high-quality stocks and other defensive companies are the number one thing you should be adding to your portfolio going into 2020.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BN (Brookfield)
4. TSX:FTS (Fortis Inc.)

### PARTNER-FEEDS

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

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