1 Top Income Stock to Slash Risk in Your Portfolio

Description

December 15 could see the economic rift widen between our two biggest trade partners if middle ground can’t be found in the U.S.-China trade war.

What’s at risk: The markets will react badly if the deadline arrives without a deal. Extra tariffs are likely to be applied and the process set back until after the 2020 election. However, the pain might have started even before December 15.

Systemic risk could disrupt markets this winter

In the U.K., Prime Minister Boris Johnson has stated that if his party wins the December 12 election, he will lead the country out of the E.U. at the appointed date of January 31.

With Stirling up to a 2.5-year high against the euro this week, the assumption that the conservatives will win is buoying markets, with investors keen to *Get Brexit Done,* as the slogan goes.

In a worst-case scenario, the fallout from a no-deal U.S.-China trade war in combination with a no-deal Brexit could see investors migrating *en masse* into traditionally low-risk asset classes.

Indeed, precious metals have been seeing some movement as the possibility of stalled talks over trade continues to inject fresh uncertainty into a stale situation.

It’s time to start stripping out risk

Investors today should be looking to get conservative with their stock portfolios, easing off the risk and moving money into safe havens.

While gold and silver remain traditionally low-risk, income investors looking to stabilize a basket of dividend-paying companies over the long-term should be looking at value plays such as energy, aswell as rich-yielding options such as diversified real estate investment trusts.

Fortis, **Brookfield Asset Management**, and **Canadian Apartments REIT** (TSX:CAR.UN) are three solid stocks to consider if investors are seeking to strip out risk and bulk up personal investment portfolios with classically stalwart holdings. Real estate investment trusts in particular could be facing a growth spurt.

Here's a word you may start to hear a lot more in the future: *Climigration.* The term refers to the pressure on communities to move from low-lying areas as a result of rising sea levels.

The term can also be applied to real estate in general, as many of the world's largest urban centres are located close to sea level. Climigration could be a disruptive trend in coming years.

With its mix of defensive qualities and a dividend yielding in the 2.6% range, CAPREIT is a strong play on higher rent and the inflow of new home communities into the real estate space.

With a mix of rental buildings spread across both Canada and Europe, this popular apartment REIT offers a way for "lazy landlords" to tap the currently hot rental market.

The bottom line

Brexit will happen at the end of January unless something extraordinary happens. While the markets are likely to wobble as the U.K. drops out of the European bloc, the combination of Brexit and a deepening trade war could already be weighing on investors. CAPREIT represents one of the best stocks to reduce some of the systemic risk in your portfolio.

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