



2 Recession-Proof Stocks to Buy Now for Your TFSA

Description

Next year, Canada could be in [trouble](#).

Oxford Economics, a global forecasting and quantitative analysis firm employing more than 250 economists, believes the odds of a Canadian recession have hit a new high.

“While we don’t foresee an imminent recession in Canada, our models continue to send worrying signals,” its latest report said. “The on-going U.S.-China trade war, decelerating growth in the U.S. and globally, and a plethora of underlying domestic concerns are all weighing on the outlook, and they keep odds of a Canada recession over the next 12 months high at 40%.”

If a recession hits, your portfolio could be decimated. Even if the downturn is relatively mild, you could see *years* of hard-earned gains vanish in a matter of weeks.

Want to protect yourself from the next bear market? Fortunately, you don’t need to sacrifice upside potential to do so. The following recession-proof stocks can mitigate your risk while still delivering impressive long-term profits.

Join the cult

Constellation Software ([TSX:CSU](#)) is what’s known as a “cult stock.” That is, its shareholders are die-hard fans of the company and its management team. It’s not hard to see why. Since 2006, shares have risen in value by more than 6,000%. A \$5,000 investment would have turned into \$320,000. For comparison, the **S&P/TSX Composite Index** returned just 42% over the same period.

What has made Constellation so successful? This company has figured out how to capitalize on automation better than any other stock I’ve run across.

In a nutshell, Constellation owns a portfolio of niche software products that automate key processes for various industries and companies. Sometimes, its software is only capable of doing a single task for a single use-case. That sounds limiting, but it’s a huge driver of profits given customers usually don’t

have any competing products to turn to. And because the software enables mission-critical processes, it's nearly impossible to ditch.

Even though Constellation has sky-high profit margins and incredible contract renewal rates, its customers still benefit from its automation software, improving efficiency and saving money. After all, human wages are often the most expensive part of operating a business. If a recession hits, demand for automation will only increase, directly benefiting Constellation's bottom line.

A Canadian classic

CT Real Estate Investment Trust is the investment vehicle that owns the underlying real estate of **Canadian Tire**. Canadian Tire is one of the most well-known brands in Canada. The company has also been a financial success, with shares rising by nearly 1,000% since 2000.

Owning the underlying real estate of a stable, successful business like Canadian Tire is a lucrative opportunity, and CT Real Estate has a monopoly. The stock currently pays a 4.8% dividend, a recession-proof yield considering the firm likely won't face declining occupancy rates during a recession, something nearly every other real estate stock has to deal with.

As long as Canadian Tire continues to exist, CT Real Estate will thrive, even through an economic downturn.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)

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