Recession-Proof Your Portfolio in 2020 With 3 Incredible Stocks

Description

Many pundits are ringing the alarm bells that the next great financial crisis may strike in a few years. For investors, this means a possible risk of incurring a net loss in earnings, as the value of many stocks could plummet as the global economy contracts and demand falls.

However, the risk of a looming recession doesn't mean that investing in stocks right now isn't worth it. Not all companies will be affected equally, and some may report positive growth, even as market conditions worsen.

Metro (TSX:MRU), **Open Text** (TSX:OTEX)(NASDAQ:OTEX), and **Pembina** (TSX:PPL)(NYSE:PBA) are three such resilient stocks that you should consider investing to recession-proof your portfolio.

Metro

In Canada, Metro is among one of the most recognizable grocery brands. The demand for essential day-to-day goods remains stable, regardless of market conditions. Potent grocery stocks such as Metro are solid bets for weathering the effects of the upcoming recession.

Aside from a massive footprint across the country, another factor that favours Metro stock is its record of maintaining stable growth momentum over the past six consecutive years, reporting a net increase in income annually.

With the recent $4.5 billion acquisition of the pharmacy giant Jean Coutu, the company has managed to expand its retail presence exponentially. It holds the potential to increase sales through cross-merchandizing significantly.

With the acquiring of Jean Coutu, the company expects a combined revenue of $16 billion and annual savings of $75 million after three years.

Open Text

Open Text is the leading software company in Canada in the creation and distribution of enterprise information management software. While many B2B companies tend to see their stocks fall in value during a recession, the history of Open Text's performance shows it to be a definite exception.

It handled the effects of the 2008 financial crisis reasonably well, with its stocks increasing in value from $10.5 at the start of 2010 to $27.6 at the beginning of 2014. At the time of this writing, the stock value is at $57.70. In the same period, the company's revenue grew from $311 million to $908 million.

As the sheer scale of data being transferred over the internet grows exponentially, and businesses increasingly rely on making sense of these data to gain useful insights, demand for data management solutions such as one Open Text offers will only continue to grow in the future.

Pembina

There are many reasons why the oil and gas company Pembina presents itself as a safe and secure investment in case of a recession. The first is that the need for energy is perpetual, and, by extension, demand for oil and gas is unlikely to fall, even as markets contract.

Second is Pembina, which, thanks to its steady cash flow, has pursued an aggressive acquisition policy recently, consolidating its hold in the production, distribution, and transportation of oil and gas across Western Canada.

Lastly is the company's growing financial profile. Its total revenue has increased from $4.26 billion to $7.2 billion and more than doubled its earnings per share between FY 2016 to FY 2018. Last year, it's stock also outperformed the TSX Energy Index — going up 21%.

Summary

Thanks to growing demand in each of their sectors, solid track records of past financial performance, and sound business acquisitions, each of these three stocks is expected to perform well, even in the face of a possible recession. Because of their reliability and low risk, they also make perfect buy-and-hold stocks.

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1. Editor's Choice

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3. TSX:MRU (Metro Inc.)
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