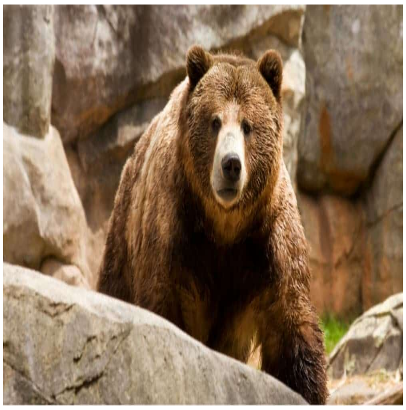

A Bear Market Is Coming: Protect Your Portfolio With This Dividend Stock

Description

The market is getting jittery, dipping into correction territory over the last few weeks. Volatile daily swings have become a common occurrence. Surveys show that fund managers and economists are worried about a 2020 recession.

Many investors are pulling out their money, but as we've learned from previous downturns, this is a risky proposition. As an individual investor, it's *extremely* difficult to time the market. Professional investors fare no better.

The best thing you can do during a bear market is continue to invest. It can be difficult to do, especially when headlines are dire, but over the past century, putting money to work during a recession has been a proven strategy for success. The time to prepare is *now*.

How can you ensure that you have capital to invest as prices continue to slide?

Your first step is to get your personal finances in order. Revisit your budget to understand where your money is going each month. For many, this will mean actually making a budget for the first time. You can't take control of your wealth if you don't know what's happening to it.

Your next step is to eliminate dangerous expenses. Focus on paying off debts to avoid having to service a fixed-cost expense. Avoid upsizing your house or upgrading your vehicle. Committing yourself to multiple years of expenses right before a recession is a recipe for disaster. Instead of consuming additional things, that money can be redirected to an emergency fund, which can be used to meet daily expenses during difficult times or invested in the market at historic lows.

The final step is to analyze your portfolio for weak points. Growth stocks can see their valuation multiples compress wildly during a recession. High-yield dividend stocks may be forced to cut the payout, leading to sudden share price declines. Businesses that rely on a healthy global economy are especially at risk.

Owning reliable, recession-proof investments can protect your portfolio's value and also make it more likely that you'll put money to work. It's often easier to contribute more to a winning stock than a losing one.

This is your stock

Canadian Tire (TSX:CTC.A) is a Canadian icon. The retailer has nearly ubiquitous name brand recognition. Its iconic status has led to an $8 billion valuation and investment-grade credit ratings across the board.

But this story isn't about Canadian Tire. Instead, it's about the company that owns the land *underneath* Canadian Tire stores.

CT Real Estate Investment Trust (TSX:CRT.UN) was created to be the landlord for Canadian Tire locations. It owns 27.6 million square feet of leasable space across 357 properties, with a fair market value of around $6 billion. Investment-grade tenants contribute 95% of revenue, which isn't a surprise considering that a vast majority of that comes from Canadian Tire itself.

In total, CT Real Estate has one of the most stable portfolios of real estate in North America. Roughly 99% of its space is currently leased, with average contract durations of 10 years, most of which have 1.5% annual pricing escalators to offset inflation. If a recession hits, the company's financials should hardly feel a dent. The 4.8% dividend, meanwhile, is rock solid.

To withstand the shock of a recession, you want to find stocks that can consistently build long-term wealth. CT Real Estate is a perfect choice.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CRT.UN (CT Real Estate Investment Trust)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)

PARTNER-FEEDS

1. Business Insider
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