Canadian Investors: Don’t Miss These 3 Defensive Stocks!

Description

It’s been a rough couple of months on the markets. Investors are no doubt combing through their portfolios, looking for bankruptcy risk. There are two types of defensive investing coming to the fore, as the markets continue to oscillate. One play is to buy defensive, large-cap businesses. The other is to single out stocks in all-weather industries. Let’s review three of the latter, from a defensive IPO to a green power play.

Going green is a strong play for growth stocks

Chances are, you missed the initial public offering (IPO) of **GFL Environmental**. There was relatively little fanfare about this hot, new IPO. But it’s a strong buy, despite dipping 17% on its first day of trading. The new waste management stock has since rallied 30% off its subsequent losses.

Recessionary indicators are mounting fast — as fast as COVID-19 took down the world economy. Investors need to move fast, too. But that doesn’t mean buying or selling in a panic. Instead, investors should switch to a build-and-trim investment strategy. This means building positions in defensive names like GFL, rather than trying to time the bottom. On the flip side, it also means trimming in stages on bear market rallies.

Indeed, many of the signs of a sharp decline hardly need to be pointed out right now. However, some fast-paced metrics, such as unemployment claims, highlight the fact that North America is experiencing recession in all but name. Infrastructure stocks like GFL may offer some defence from these destructive market forces.

Food and energy are a complementary power play

Alimentation Couche-Tard is a key stock to build in stages during this period of economic decline. Value is of the essence at the moment, and this stock is not as cheap as it could be. But it is certainly worth packing in a basket of defensive stocks. What makes Alimentation Couche-Tard such as strong buy, beyond the safety of consumer staples, is the variety of its business operations.

Indeed, few businesses, far fewer retail ones, are as diversified as Alimentation Couche-Tard. This is a company whose operations extend far beyond North America into Europe and Russia. The company also has exposure to markets in Asia and Egypt through its Circle K stores. This is a business model that incorporates food, fuel, and car services. While its dividend is small (0.7%), it's fed by multiple revenue streams.

Algonquin Power and Utilities is another strongly diversified stock to buy the dips. Don't wait for the bottom, though. Determine the size of a stake you would like to hold in Algonquin Power and Utilities and split it. Then buy those sections of your eventual stake on incremental weakness as the market descends. This green economy stock pays a 4.2% yield fed by growth in hydroelectric, wind, solar, and thermal energy.

The bottom line

From a hot new IPO to a diversified green energy name, these three potentially overlooked names can add defensiveness to a stock portfolio. GFL is an especially strong buy for ground-level investing. Algonquin and Alimentation Couche-Tard also supply growth mixed with the safety of their sectors.

CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Investing
3. Stocks for Beginners

Date
2025/07/06
Date Created
2020/04/26
Author

vhetherington