



Play Defence With These 3 Companies

Description

Given the fact that none of us know how long this downturn will last, those who want to move some of their holdings away from growth companies and into defensive names would be right to do so, in my view. In this article, I'm going to discuss three excellent defensive picks for long-term investors. With these picks, investors will ride out the economic storm and earn a handsome profit over the long term.

Nutrien

It doesn't really get more defensive than commodities, generally speaking. In times like these, when the growth outlook is bleak for economic activity globally, a company like **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) could turn out to be a great long-term pick. This is for a few reasons.

First, commodities tend to rally hard post recession, as activity picks up again. Nutrien mainly produces agricultural inputs. The good news is that some level of growth in commodities should be expected, even in down markets. This is due to macroeconomic drivers like population growth that don't care about stock market movements.

Second, the company has a core retail business: selling farm supplies to farmers. Nutrien acquired this core business in the Agra merger. The good news is Nutrien's core business is likely to remain strong and will generate the cash flow to pay the bills. In addition, this will support the company's 5% dividend yield

Northland Power

Northland Power ([TSX:NPI](#)) is [one of my favourite defensive plays](#) right now. This pick allows investors to take advantage of a defensive environmental, social, and governance (ESG) floor, which supports the renewable energy space. Also, this play gives exposure to what I believe will be one of the strongest secular growth trends that we're going to see over the next few decades.

Fundamental investors will know the strong earnings underpinning Northland Power. In addition, they

will be aware of the growth prospects of the company in moving into Asia (Japan, Taiwan, and South Korea) in a big way. The company's current business centres on offshore wind farms in Europe and other renewable energy projects. These businesses generate 2,500 megawatts of power annually. Further, another 1,000 megawatts are currently under construction.

Northland Power has a dividend yield around 5%. This makes the company a great defensive pick for income investors as well.

Barrick Gold

Gold is perhaps the quintessential hedger defensive play in most portfolios. This precious metal has traditionally been the way to go for investors worried about the future. Whether it be physical gold itself, a gold ETF, or gold miner like **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD), having a small percentage in gold has been a way to defend against unpredictable scenarios, such as the one we find ourselves in.

Barrick is a high-quality tier-one producer. Also, Barrick has a very good balance sheet and excellent leverage to the price of gold. The company's recent acquisition of Randgold could turn out to be a great and timely acquisition. Randgold has top-quality assets and a lack of debt on its balance sheets. These are two huge positives, as gold companies strive to do anything possible to increase reserves amid rising gold prices.

The reality is that given the strong price of gold and the potential for gold to continue to increase in value in the months to come, Barrick's valuation is ridiculously cheap right now. In fact, it has been near book value for quite some time. I'd recommend investors strike now while the iron is hot.

Stay Foolish my friends.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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POST TAG

1. defensive
2. ESG
3. Gold
4. Warren Buffet

TICKERS GLOBAL

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2. NYSE:NTR (Nutrien)
3. TSX:ABX (Barrick Mining)
4. TSX:NPI (Northland Power Inc.)
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