



3 Recession-Proof Gems To Hold Forever

Description

Finding those “forever” companies investors like Warren Buffett describe is easier said than done. The reality is that finding companies such companies is a very large ask. These companies have to be able to withstand periodic beatings via black swan events, such as the coronavirus.

In addition, these companies must outperform the broader indices, over decades. In this article, I'm going to cover three such **TSX**-listed companies which do the trick.

Nutrien

People need to eat. It's as simple as that. The idea that commodities like oil or copper can exhibit massive fluctuations due to supply and demand fundamentals tied to economic activity is fundamental/elementary. Food inputs, on the other hand, are not generally tied to economics as much as global population growth metrics. (That is apart from some category displacement such as vegetable versus meat consumption).

There is some cyclical to **Nutrien's** ([TSX:NTR](#))([NYSE:NTR](#)) business model, outside of potash and other farming inputs. However, the key point here is how defensive the company's business model is in these trying times.

The company's retail business (the Agrium side of the Potash Corp./Agrium merger) is cyclical in nature. However, this also gives investors leverage to the upside on an economic recovery.

My take on this sector is that supply and demand fundamentals should improve in the next year or two. These fundamentals been out of whack of late due to increased investment in new potash mines. The Jansen mine from rival BHP Billiton has been a particularly large influence recently. This should pave the way for relative commodity price outperformance over the next 12 to 24 months relative to energy or base metals plays.

CN Rail

Representing the freight and logistics backbone of North America, **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) is an amazing long-term buying opportunity at these levels. Earnings will indeed be [cyclically depressed for some time compared to pre-coronavirus levels](#). However, I expect to see earnings growth pick up again in 2021 for a few reasons.

First, CN Rail is part of a natural monopoly/oligopoly situation, which is very rare in our society today. The rails that are in the ground are all that will be there for the next 100 years. Second, there is no more efficient or environmentally friendly way to ship large quantities of commodities around the continent.

This, combined with an excellent internal cost efficiency focus of CN Rail's management team has led to incredible long-term profitability and growth. The company's 2% dividend yield is safe and will grow over time for income investors seeking safety today.

Barrick Gold

Perhaps the most recession-proof companies out there are gold companies. The simple fact is that gold acts as a natural hedge to downward trending equity markets. Specifically, currency debasement via central bank purchases of bonds and equities is highly bullish for gold over the medium term. I think the upward trend in gold prices thus has a much longer runway than many think.

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) has been one of my [top picks in the gold mining space](#) in recent years, and this view has not changed. The Randgold merger and the installation of new management at Barrick is a net positive, specifically with the tier 1 assets Barrick was able to acquire at bargain prices. For this reason, the company remains one of my top picks.

Stay Foolish, my friends.

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Date

2025/08/25

Date Created

2020/05/29

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