7 Recession-Resistant Stocks to Buy and Hold Forever

Description

Investors are facing a slew of market stressors. From the pandemic to the U.S. election, 2020 is shaping up to be a tire fire of a year. But that is not to say that stocks are off limits. Far from it. Here are seven of the best recession-resistant names.

Diversification is key to defensiveness

Alimentation Couche-Tard is no doubt familiar to millions of Canadians in one form another. From its winking "night-owl" logo to Circle K convenience stores, this is a well-established market leading brand. But the company is also very strongly diversified across geographical regions, extending beyond North America to Europe, Asia, Oceania, and Africa.

Loblaw is a strongly diversified umbrella of big names in Canadian retail. Investors should weigh whether they would rather buy this name or Alimentation Couche-Tard, though, since holding both could carry the risk of overexposure. Loblaw pays a 1.8% yield, considerably richer than Alimentation's 0.6% yield. In terms of performance, Alimentation is up 9% year over year, however, beating Loblaw's 0.7% loss.

Then again, investors may wish to plump for that other low-risk asset: gold. A stand-out name in this space, **Newmont** mixes good value for money, a moderate dividend yield, gold growth, and safety all in one stock. A conservative estimate would see investors enjoy a 68% return on investment within a year. Going long, shareholders have a healthy balance sheet and a 1.6% dividend yield worthy of a "buy forever" portfolio.

Energy investing is not traditionally a growth area, but was at least considered moderately defensive — until this year, that is. Lower energy demand means lower electricity prices in 2020, while oil is also facing a barrage of headwinds. Green energy is ascendant, though, packing growth and defence. **Northland Power** is a strongly diversified clean energy stock tailor-made for the renewables segment of a stock portfolio.

Consumer staples stocks are strongly recession resistant

Pizza Pizza — the stock so good, they named it twice. Fast food has proven stubbornly resistant to the pandemic. As a go-to comfort food, pizza is both a "sin" commodity as well as a defensive consumer staples play. Both of these asset types can thrive during a recession. A forward annual dividend yield of 6.8% makes for a nice slice of passive income in a recession-resistant industry.

Restaurant Brands International follows on from the Pizza Pizza theme. Again, investors will have to balance these two names or risk overexposing a stock portfolio to fast food. Restaurant Brands may be the better sleep-easy pick, given its spread of assets. The Tim Hortons owner is on sale after a quarterly drop in profits. A 2.8% yield is suitably juicy for this space, though, adding to an overall buy thesis.

Scotiabank mixes the strength of a Big Five banker with growth potential in the Pacific Alliance, plus exposure to a possible housing boom. Matched with Northland Power, moderate growth investors have a mix of Scotiabank's 6.2% dividend with Northland's 3.2% yield, plus the high-growth thesis of green power. This would be a strongly diversified power play with a mix of growth and defensive qualities.

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vhetherington