Investing During a Recession: How to Protect or Grow Your Wealth

Description

This month, economists officially declared a recession in Canada. Of course, that is hardly surprising considering millions of Canadians are out of work and the country is still facing a global health crisis.

However, this recession has been unlike any other. With the government’s generous benefits and vast swathes of the economy locked down, people have been saving and spending more during this crisis. Online shopping, food delivery, and virtual healthcare have all seen massive spikes in consumption in 2020.

People have also been investing in stocks more relentlessly than ever. That has pushed the TSX stock index within striking distance of its all-time high. These volatile and unexpected market conditions have left most investors confused and reluctant to take their next step. With that in mind, here are three ways you can protect or create wealth in 2020.

Defensive

This year’s recession and pandemic have highlighted the fact that some industries are simply too essential. Grocery stores, convenience stores, pharmacies and clinics have all been open throughout the pandemic. In fact, panic buying has allowed these businesses to rake in record revenue over the past six months.

Fortis stock, for example, has proven resilient, despite the crisis. The stock has lost just 2.8% of its value since the start of the year. Meanwhile, the company is expected to maintain its lucrative dividend payout. The stock’s 3.66% dividend yield is probably one of the most reliable passive-income opportunities in 2020.

Adding a robust stock like Fortis to your portfolio could help you preserve wealth, even if there’s a second wave of COVID-19 cases and people are confined to their homes again

Medical growth stocks

For investors seeking low-risk growth, the healthcare and medical sector is probably fertile ground. Health stocks have outperformed the rest of the market this year, as medical facilities remain open and demand has surged due to the health crisis.

Northwest Healthcare Real Estate Investment Trust is an excellent example of this. The hospital landlord has bounced back sharply after a brief crash in March. Now, the stock is trading at the same price as it was at the start of the year. Meanwhile, the dividend yield is 6.87%, making Northwest one of the most lucrative opportunities in the real estate sector this year.

Digital growth stocks

Home confinement has pushed digital adoption to a record high. Every digital platform and tool has seen more traction than ever before. This sector is probably a great place to look if you're on the hunt for some recession-resistant growth.

Telehealth startup **WELL Health** stock has been particularly lucrative. The stock price has quadrupled since the start of the year. Meanwhile, users on its telehealth platform have surged 10-fold in just the past few months. The company is now nearly worth $1 billion, which means it could be Canada's next tech unicorn.

However, the healthcare technology and telehealth industry is worth trillions of dollars. WELL Health stock has plenty of upside left. Keep an eye on it during this recession.

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