



3 Stable Stocks to Ride Out a Recession

Description

Canadian investors looking to ride out a recession, or even today's [market correction](#), should be searching for companies that offer value. That value is based on historical performance coupled with growth in the future and undervalued fundamentals.

These three stable stocks are therefore perfect options for any portfolio. But what it does depend on is how much you want to invest in each. For that I'd use something similar to the 100 Rule. This is where Motley Fool investors take their age, take it away from 100, and the remaining number is what you should invest in something stable like GICs and bonds.

For the rest, you can be flexible and use that cash to play around with stocks. And that's where these three stable stocks come into play.

One growth stock

First off, during a market correction is a great time to pick up growth stocks. But you need to choose ones you're sure will turn around, and by a mile. For that, I'd look in the tech sector. As we know, the tech sector has been hit hard, so what would be considered stable stocks here?

I'd consider **CGI Group** ([TSX:GIB.A](#))([NYSE:GIB](#)) a solid choice. The software company has been growing through acquisitions for decades, creating a strong balance sheet and earnings that continue to rise. It trades at just 16.88 times earnings as of writing, with shares up 167% in the last decade.

More recently, shares have dropped by 13% year to date. That provides Motley Fool investors with a solid place to jump in during this market correction, and they could see shares continue to turn around for years to come.

One dividend stock

Next up among our stable stocks are companies that offer long-term dividend payments. I'm going to

choose a high-dividend payer that offers stability through its line of investment: grocery stores.

Slate Grocery REIT ([TSX:SGR.U](#)) is a stellar choice given its investment in grocery-anchored chains throughout the United States. It fights back inflation thanks to its long-term lease agreements and has been seeing revenue and net income rise over the last few years.

Furthermore, it offers a whopping 7.51% dividend yield at the time of writing this article. Granted, the company hasn't seen a lot of history to give you stellar returns. But it has given out stable dividends. So, if you're investing for at least some rise in share price but more for dividends, it's a great choice among stable stocks.

One value stock

If you're looking for a pure value stock among your stable stocks, I'd look for blue-chip companies. These companies tend to be household names within their industries, trade at valuable fundamentals, and have long-term growth ahead of them.

For that, I'd consider **Teck Resources** ([TSX:TECK.B](#))([NYSE:TECK](#)). This company produces, develops, and explores the production of minerals. That includes steel-making coal, which is necessary to build pretty much anything these days. Teck is a stock that even [Warren Buffett](#) may approve of, as it's in the stable industry of materials and construction. This is an area that will see major growth come, wane, and then come back roaring in the decades to come.

So, this a pure value play among stable stocks, with Teck trading at just 6.72 times earnings. It offers a dividend yield of 0.99%, and shares are actually up by 40% as of writing year to date. Shares are also up 62% in the last decade alone.

Bottom line

You can create a portfolio full of stable stocks, but these are some of the best. Each provides Motley Fool investors a path to growth, passive income through dividends, and value through the right industry. This combined with your stability of investing in GICs and bonds should help fuel a path to strong profits in the years and decades to come.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:GIB (CGI Group Inc.)
2. NYSE:TECK (Teck Resources Limited)
3. TSX:GIB.A (CGI)
4. TSX:SGR.U (Slate Retail REIT)
5. TSX:TECK.B (Teck Resources Limited)

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