# These 3 Wealth-Protecting Investments Have Done Their Job in 2022

### Description

Going by the headlines, you'd think that 2022 was a pretty bad year for stocks. The TSX and the S&P 500 are both down for the year, bonds are doing poorly, and even real estate — once the oasis in the desert of market volatility — is falling in price. On the surface, it appears to have been a pretty bad year. But if you look a little deeper, you'll see that it wasn't that bad at all. Many individual stocks did quite well this year, including some stocks that are popular and widely owned.



In this article, I will explore three investments that have done their job protecting peoples' wealth in 2022.

## Oil stocks

Oil stocks have been the obvious top performer of 2022. The TSX energy index is up 41% year to date compared to a negative return for stocks as a whole.

It's not hard to see why. Oil companies have been paying off their debt all year long, giving them great positioning for the year ahead.

Take **Cenovus Energy** (TSX:CVE), for example. In the third quarter, it revealed that it had reduced net debt by $2.3 billion, or 30%. It reduced total long-term debt by 22%. This is important because it shows that the company didn't simply sit on its laurels when oil prices were high; it took active steps to ensure that it would thrive in a future with lower oil prices. The factors that caused oil to rally in the first half of the year were clearly temporary in nature. The war in Ukraine and the post-COVID supply chain issues were never going to go on forever.

Today, prices are normalizing, but we have enough demand for oil to anticipate prices staying in the $70 to $80 range long term. And Cenovus has repaid enough debt to generate large profits and dividends at those prices.

## Fertilizer stocks

Fertilizer stocks are another asset class that did pretty well this year. Fertilizer prices exploded much like oil prices did because of the war in Ukraine. **Nutrien** (TSX:NTR) stock rallied as a result. In its most recent quarter, NTR did $8.8 billion in revenue and $6.6 billion in net income.

In the first nine months of the year, it did $10 billion in adjusted EBITDA ("adjusted EBITDA," or adjusted earnings before interest, taxes, depreciation, and amortization, is an unofficial profit metric that companies sometimes publish when they think normal accounting rules understate their performance). All of these figures were all time highs for the company. That's really remarkable considering that the *amount* of fertilizer it sold in the third quarter declined, but it earned higher revenue due to high commodity prices.

## Term deposits

Another asset that has performed well this year is term deposits. In Canada, these are commonly called "Guaranteed Investment Certificates" (GICs). They're long-term, bond-like products that you can buy off your bank. Thanks to the Bank of Canada's interest rate hikes, the yields on GICs have risen above 5%. They have delivered solid returns, despite having much lower risk than stocks. They haven't done as well as energy or fertilizer stocks, but they have outperformed the TSX Index.



**CATEGORY**

1. Investing

**TICKERS GLOBAL**

1. NYSE:CVE (Cenovus Energy Inc.)
2. TSX:CVE (Cenovus Energy Inc.)
3. TSX:NTR (Nutrien)

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