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10 CRASH-PROOF INCOME STOCKS EVERY INVESTOR MUST BUY NOW

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Investor's Report
From: Bill Patalon, Executive Editor
For: *Private Briefing* Subscribers

10 Crash-Proof Income Stocks Every Investor Must Buy Now

Dear *Private Briefing* Reader,

I'm Bill Patalon, Executive Editor of ***Private Briefing***.

We may be only a few weeks away from a financial collapse that could devastate every nation and every sector around the world.

The reason is simple: The global economy is an absolute mess and is getting worse with each passing day… and the warning signs are all around us.

In China, Europe and even here at home in the United States, the signs are everywhere.

Global economic growth is anemic (if not negative), oil prices are lower than they've been since the Great Recession and governments are manipulating money flows and interest rates to drive down currencies around the planet. As a result, corporate earnings have nosedived, and worse, sales have plummeted.

Here at ***Money Morning***, we believe the best way to protect yourself is to employ the same crash-protection strategies that the hedge funds, institutional investors, and insiders are employing now.

As the markets sell off, the flight to safety will send millions of investors piling into income stocks – all because income stocks tend to hold their value when the markets go down, since they're held up by their dividends.

However, not every dividend stock will survive the shakeout. And for the same reason many BIG NAME growth stocks won't either – slowing global growth will devastate their sales and their earnings and ultimately undermine their ability to maintain their payouts.

That's why we put the entire income universe under the microscope. Most of what we saw didn't have the financial wherewithal to ride out that storm with their dividends intact.

However, 10 companies stood out. Individually, they all have long histories of not only paying uninterrupted dividends, but also increasing payouts over time. Together, they have the financial means to not only protect your income, but also grow it.

So without further delay, let's get to it.

Crash-Proof Stock #1 – RPM International Inc. (NYSE: RPM)

Many companies in the stock market are virtually unknown in their own right but have products that millions of consumers depend on every day.

That's the case for **RPM International Inc.**, the company behind popular products like **DAP** sealants and adhesives and **Rust-Oleum** protective coatings and paints.

With a solid dividend yield of 2.15% and a stable business, RPM's stock has steadily risen by roughly 20% over the past three years.

Meanwhile, **RPM has increased its cash dividend to customers for 42 years.** Clearly, this is a company that believes in rewarding its investors.

RPM has also outperformed the S&P 500 by 86% over the last 10 years.

RPM delivers the kind of steady share growth backed up with cash that we're looking for in these uncertain markets.

With a continuing emphasis on providing boring products that households depend on, RPM International has the capacity to provide shareholders steady gains over the long run, even while others struggle to keep their heads above water.

Crash-Proof Stock #2 – American Railcar Industries Inc. (Nasdaq: ARII)

As its name implies, the **St. Charles, Missouri**-based **American Railcar** designs, builds, and refurbishes railcars and provides related services. This brawny industrial business typically ebbs and flows in tandem with the broader economy.

A few years back, an explosion in oil-and-gas exploration throughout the United States – and a process called "hydraulic fracturing" – caused **railcar demand to skyrocket**.

Railcar manufacturers feasted on the U.S. energy boom – they couldn't manufacturer rail cars and tank cars fast enough to meet demand.

But when oil prices collapsed, so did demand for rail cars.

Despite the collapse of oil prices – and a general downturn in the industry – ARII has continued to roll. The company achieved a **record level of shipments in 2015**, shipping 1,330 railcars for direct sale and lease. The company is also increasing its margins by leasing rather than selling its cars.

And the company is still currently sitting on a backlog of 5,958 cars valued at $569 million.

Meanwhile, the shares are dirt cheap, currently sporting a **P/E of 6.4**. And ARII continues to reward investors with a fat **dividend of 3.74%**.

On top of that, notorious activist investor **Carl Icahn** has taken control of more than 60% of the shares – stoking the engines with an eye toward a takeover.

You can be sure that with oil prices stabilizing and Icahn on the watch ARII is well positioned to thrive in the coming market turmoil.

Crash-Proof Stock #3 – Boeing Co. (NYSE: BA)

When I first recommended the **Boeing Co.** back in September 2011, I told you that **global demand would propel the jetliner maker's business for at least two decades.**

And the company hasn't let us down. Shares of **Boeing**, based in **Chicago**, have soared as much as 130% since we first recommended them in 2011.

Boeing's backlog just keeps growing, and for that reason it's exactly the kind of stock we want to own to protect us from a market crash.

Boeing boasts an order **backlog of well over 5,700 aircraft**. And the iconic aerospace firm recently secured three big contracts – with an aggregate value of nearly **$5.5 billion**.

In addition, the aerospace giant recently announced a new **$14 billion share repurchase plan** and a **20% increase** in its regular quarterly dividend. Boeing has now boosted its dividend for five straight years and maintained a payout for more than 75 years in a row.

The aerospace juggernaut currently pays out a handsome 3.33% dividend and investors have pocketed 36% annual average gains since 2009.

Analysts right now have a target price of $135 on the stock – and a high-water estimate of $196. That would give you a **50% return** from recent prices.

That puts Boeing in a truly exclusive club: It's a **"Global Great"** company… making it a stock you need to own.

Crash-Proof Stock #4 – Becton, Dickinson & Co. (NYSE: BDX)

In 1897, traveling salesmen **Maxwell Becton and Fairleigh Dickinson** founded the company which has grown to become the No. 1 maker of hypodermic needles and syringes.

Today, Becton Dickinson is a global company, with about 60% of its more than $8.4 billion in annual sales coming from outside the U.S.

BDX has increased its dividend payments for **43 consecutive years** and now yields 1.72%.

BDX has a long history of innovation. The company's ability to generate revenue from new products and market them through its established distribution network fuels nonstop growth.

And it's safe, too. In the **Great Recession** of 2007–2009, the company delivered **total returns of 17.5%** while the S&P 500 plunged a whopping 15.9%.

So there's little reason to believe sales and profits will fall, even if there's another serious crisis. This company has been around a long time, more than 112 years... and it's still growing.

BDX has compounded earnings-per-share at 9% a year over the last decade. Dividends have grown even faster, at 13.1% a year. It's likely management will continue to increase dividends at a faster pace than overall earnings over the next several years.

It all adds up to a stock with a long, golden history that's not going to disappear – no matter what the market does.

Crash-Proof Stock #5 – Omega Healthcare Investors Inc. (NYSE: OHI)

The richest generation – the baby boom – is now starting to retire.

According to a report from Pew Research, 10,000 baby boomers will turn 65 each day for 15 years! And the unfortunate fact is that most of them will require long-term care as they get older.

But that's where **Omega Healthcare Investors Inc.** (NYSE: OHI) comes in.

Omega, which functions as a **Real Estate Investment Trust (REIT)**, is the largest operator of **skilled nursing facilities** (SNFs) in the U.S., with 932 operating facilities in 42 states and Great Britain. In fact, Omega operates more than twice as many SNFs as any of its competitors.

But here's the key to OHI's success: The company's primary focus is on **leasing** long-term care facilities to strong regional and local operators.

Since the leases are triple net, property expenses fall to the operator. So Omega doesn't share the risk of changes in government **Medicare** and **Medicaid payment schedules** or collecting on them.

Here's what makes this even better for us: OHI is a high yielding dividend grower – currently **yielding 6.74%** – that has raised dividends for 15 consecutive quarters.

The bottom line: OHI has handed investors double-digit total returns for over the past 10 years but also has **beaten the S&P 500 by $3 to $1** since 2006.

Expect OHI to continue to expand its foothold as the dominant "pure play" skilled nursing REIT. That makes it a no-brainer that will reward investors throughout the volatility of the next downturn in the markets.

Crash-Proof Stock #6 – Consolidated Water Co. Ltd. (Nasdaq: CWCO)

Water availability is one of the world's biggest problems. And it's destined to get worse.

Water covers 70% of the world's surface. But only 1% is usable.

Water, water everywhere… but not a whole lot to drink.

Unless you can transform it – **from salt water to freshwater**. And that's why we're zeroed in on **Consolidated Water Co.**

The company operates a string of desalination plants in the **Caribbean** as well as a 264,000-gallon-a-day outpost in **Indonesia**. We could easily see CWCO taking the lead in drought-ravaged **California**, which has eight desalination plants on the drawing board.

Consolidated's balance sheet is strong, and revenue is growing. From 2005 to 2014, revenue rocketed 131%.

The current **dividend yield is 2.16%** – not a hefty payout, but still strong in a period of zero interest rates.

With its strong dividend history and growth potential, CWCO will stand you in good stead over the next several years as other investors are scrambling for the exits.

Crash-Proof Stock #7 – Legg Mason Inc. (NYSE: LM)

Worldwide, there's a need for $57 trillion worth of infrastructure spending over the next 15 years, the **McKinsey Global Institute** said in a new report issued in 2015.

Governments simply can't afford to keep paying the freight for all these projects. That's why our transportation systems and waterways are in such an advanced state of decay.

To counter this, we're seeing more and more projects where government collaborates with private-sector players to create other sources of financing and to get the work done more quickly.

That's great for companies like **Legg Mason Inc.** – a **Baltimore, Maryland-**based asset manager. Last summer, Legg Mason struck a **$205 million deal** to buy **Sydney**, **Australia-**based **RARE Infrastructure**, a firm that invests in infrastructure companies and projects throughout the world.

Legg is a company that understands its business and has a knack for making moves ahead of market shifts.

The move into infrastructure will give Legg's growth a boost. And the company's stock pays a nice dividend – offering a decent yield of 2.49%.

The stock is currently trading at around $30. But target prices range from a median of $39 to a high-water estimate of $51, which could give us a boost of 70% from here. That makes Legg Mason a must have stock for the coming crash.

Crash-Proof Stock #8 – Corning Inc. (NYSE: GLW)

Corning is making sure to take care of its shareholders.

The company recently swapped its 50% stake in the **Dow Corning Corp.** joint venture for a 40.25% stake in a newly formed venture called **Hemlock Semiconductor Group** and **$4.8 billion in cash**.

For Corning, the deal opens the door to new markets – and additional moves that will bolster shareholder value.

Corning will probably use the **$4.8 billion cash horde** for a mix of buybacks, dividend increases and perhaps even a "bolt-on" purchase to rev up one or more of its business units.

Through 2019, for instance, Corning is planning to spend about $10 billion on growth-igniting acquisitions and to **return another $10 billion to shareholders**.

That first $10 billion will serve as fuel for share-price growth. And the second will help put a floor under its stock price.

Corning currently rewards shareholders with a comfortable **2.89% dividend**. And its huge cash pile assures it will continue to pay us right through the next round of stock market turmoil.

Crash-Proof Stock #9 – Chevron Corp. (NYSE: CVX)

Chevron operates in both the **upstream and downstream segments** of the oil business.

While the upstream (exploration & production) division is more profitable with higher oil prices, the company's downstream (distribution & refining) businesses tend to be *more profitable* with lower oil prices. So depressed oil prices do not necessarily spell doom for an oil giant like Chevron. In fact, the company's downstream operations will help carry it through these difficult times.

Chevron stock currently has a **dividend yield of nearly 5%** and pays out around $8 billion a year in dividends.

In addition to the **$13 billion in cash** on its books, the company expects to generate around $5 billion a quarter from operating cash flows or roughly $20 billion a year, or $40 billion over the next two years. Simple math tells us Chevron will have adequate cash to maintain its dividend and keep increasing it.

As a member of the **S&P Dividend Aristocrats Index**, Chevron has been raising its dividend for the last 25 years. In the most recent earnings call, Chevron's **CEO John Watson** stated: "Our first priority is to maintain the dividend and grow it..."

Chevron has grown earnings-per-share at an average of around **7.5% a year** over the last decade, **including the stock market meltdown of 2008-09**.

The company's dividend yield combined with its long-term expected growth rate means investors can expect total returns of between 11% and 13% a year over the long run – even when the next market meltdown hits.

Crash-Proof Stock #10 – Abbott Laboratories (NYSE: ABT)

Chicago-based **Abbott** is a pharmaceutical and medical products manufacturer that has raised its dividend for 44 years and counting. The stock currently yields a healthy $1.04, or **2.45%.**

With a market cap of $64 billion, Abbott serves customers in more than **150 countries** and employs approximately 70,000 people.

Abbott has been in business for more than 125 years – a testament to its nose for marketing and brand building. You see, well-balanced diversity is the foundation of Abbott's strategy and success.

Many corporations talk about being global, but Abbott really *is global*. The company generates more than **70% of its sales internationally**, and around 50% of sales come from emerging markets.

As one of the world's largest producers of prescription drugs, diagnostic tests, nutrition, and vision care products, Abbott should profit from continuing growth in these niches in 2016 and beyond.

Analysts have a consensus target of $48, which would be a nice **jump of 26%** from here.

Add in the dividends – which are practically guaranteed to rise with this company – and you're looking at one of the safest stocks there is to ride out the coming market destruction.

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