



Attention, Investors: The Crash Is Coming So Minimize It by Hiding Out in These 3 Stocks

Description

It's only a matter of time until the next stock market crash.

Unless you're close to retirement, an investor shouldn't fear a correction. What's better than getting an opportunity to buy stocks at 20%, 30%, or even 40% off? Most people would jump at the chance to buy their favourite brand of jeans or a nice juicy steak at a huge discount, yet they have the exact opposite attitude about stocks.

Of course, being willing to buy beaten-down stocks is just part of the equation. Unless you've got some extra capital kicking around when the opportunity comes, you're pretty much stuck holding existing investments. It doesn't make a whole lot of sense to sell one beaten-up stock for another.

Investors have a couple of options to ensure there's ample cash available during the next bear market. They can either sell winning positions now and wait in cash or they can switch to lower-risk investments. The problem with sitting on cash is what happens if the market continues to go up? At least, with boring stocks an investor will participate in some of the market's upside.

With that in mind, here are three companies for investors looking to protect their capital before the next market crash.

1. Metro, Inc.

There weren't many companies that managed to increase their share price during the worst of the 2008-09 crisis. Even so-called blue chips fell alongside everything else. But through all the chaos, a select few companies left the recession with a higher share price than when they entered it. **Metro, Inc.** ([TSX: MRU](#)) was one of those stocks.

It makes perfect sense. Even when things look the bleakest, people still have to eat. Sure, customers might cut back on certain high-margin items like expensive cuts of meat or bakery items, but for the most part the grocery business will still chug along.

The company only pays a 1.6% dividend, but that also comes with a minuscule payout ratio of less than 30%. It has raised its dividend annually since 2003, and looks poised to do it for another decade to come. Capital protection and a growing dividend is a pretty solid combination, especially during uncertain times.

2. Fortis Inc.

Shares of **Fortis Inc.** ([TSX: FTS](#)) didn't perform quite as well as Metro's during the Great Recession, but they were still a decent enough place to hide out while everything else tanked.

Like groceries, customers are going to stop buying a lot of other things before they stop paying for power and gas, which Fortis supplies to more than 3 million customers in both Canada and the United States.

Fortis has been a growth-by-acquisition story, and that doesn't look to be slowing down. It recently acquired UNS Energy Corporation, a power company in Arizona, for \$4.5 billion. It seems like once every couple of years management snags another great asset, which integrates nicely into the company's core.

What's not to like? Fortis offers capital protection, a solid 3.7% yield, and a little growth potential, to boot.

3. Shaw Communications Inc.

Like Fortis, **Shaw Communications Inc.** ([TSX: SJR.B](#))([NYSE: SJR](#)) shares only fell about 20% during the financial crisis.

Cable TV is one of those things consumers could easily cut out during difficult economic times, but it doesn't generally happen. At a cost of just \$2-\$3 per day for most customers, cable TV is a terrific value. It's pretty hard to leave the house and be entertained for such a small amount. The other stuff will get cut out, not cable.

But the best part of Shaw's business? The pricing power. Every year, the vast majority of its Internet, phone, and cable subscribers just shrug and accept an annual increase in rates from 3%-5%. It loses a few customers, but then picks up a few from other cable or Internet subscribers. It's a remarkably steady business, even during difficult times.

Shaw also pays a generous monthly dividend of just under 4%, which it has raised annually since 2005. It's another great choice to hold during upcoming weakness.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:MRU (Metro Inc.)

4. TSX:SJR.B (Shaw Communications)

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Author

nelsonpsmith

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