3 Top Stocks to Buy if the Market Falls After U.S. Elections

Description

If you've been jittery about the elections in the U.S., I don't blame you. The stock market, after all, is bound to be hit if the outcome is unfavourable. But you should also know that any sell-off could be a golden opportunity that might not show up again for a really long time. Because when you own stocks, you own businesses; and if a business is fundamentally and financially strong, it should be able to weather any crash in the long run.

I'm not predicting a sell-off, but it always helps to do your homework so you're prepared. So just in case the market retreats, you'll want to grab some quality stocks cheap to reap solid long-term returns. **Canadian National Railway Company** (TSX:CNR)(NYSE:CNI), **Magna International Inc.** (TSX:MG)(NYSE:MGA), and **Fortis Inc.** (TXS:FTS)(NYSE:FTS) are three such stocks to keep an eye on.

This railroad is chugging along at a good speed

Canadian National is not only the largest railroad in Canada, but is also the only transcontinental railroad in North America that spans three key coasts: the Atlantic, Pacific, and Gulf. This incredible geographic reach gives the company a big leg up over peer **Canadian Pacific** as well as North American rivals. Today, Canadian National moves goods worth almost $250 billion each year. Unless the U.S. economy drifts into a recession, Canadian National will still be delivering goods whether stock markets rise or fall.

Canadian National is also North America's most efficient railroad in terms of costs and operating ratio. Its operating ratio hit a record low of 53% in Q3 versus Canadian Pacific's Q3 operating ratio of 58%. That means lower costs and higher profits for Canadian National and greater rewards for shareholders. Canadian National's dividend has grown at a compounded annual growth rate of 17% since 2000, which is no mean feat for a cyclical company.

There's a reason why Bill Gates loves Canadian National, and you should too.

This auto-parts maker is already darn cheap!

At under eight times trailing earnings, 0.4 price-to-sales, and dividend yield of 2.4%, Magna is an incredibly cheap stock to own today. The auto-parts manufacturer's sales and profits hit record quarterly highs in Q3 with its external production sales in North America, Europe, and Asia jumping double digits year over year. Magna's recent acquisition of Getrag and new programs related to Audi, Mercedes, and Chevrolet appear to be unlocking value.

As you might've guessed, Magna counts the world's top leading auto makers among its customers, with **General Motors**, Fiat/Chrysler, and **Ford** making up 51% of its total sales in 2015. Rumours of Magna working on an **Apple** car are still afloat.

Innovative leadership and focus on high-margin projects have helped Magna boost its return on invested capital from 12% in 2010 to 19% in 2015. Its return on equity has almost doubled to 23% during the period. Magna has consistently raised its dividend in the past few years and has room to grow dividends further given its measly payout of only about 19%. So whether you're a value or income investor, Magna is one stock to add on every dip.

Stability, growth, and dividends: This stock has it all

No matter what phase the economy is in or where stock markets are, essentials like electricity and gas aren't going out of fashion. That's why Fortis–one of North America's largest electric and gas utilities companies–is such an attractive company. As 92% of its earnings come from regulated utilities, Fortis's income and return on equity is stable and predictable, which makes it a less risky, high-return stock.

Income security has helped Fortis increase its dividends every year for 43 straight years. So recession or boom, you can rely on Fortis for fat dividend paycheques. Fortis's net income has grown at an average compounded rate of 20% in the past five years. Its prospects look even better now that Fortis has acquired ITC Holdings Corp., the largest pure-play transmission company in the U.S., in a deal valued at US$11.8 billion.

With that kind of growth in earnings and the dividend and a dividend yield of 3.7%, you can safely consider Fortis every time the stock weakens.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:MGA (Magna International Inc.)
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