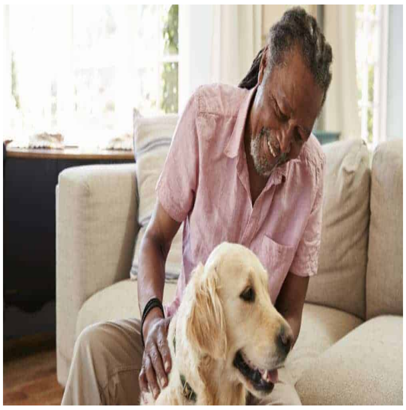

Retirees: 2 Must-Own Stocks Before the Bear Market Hits

Description

A bear market may be on its way. Research from **Bank of America** and the National Association for Business Economics suggests that a growing number of fund managers and economists believe a recession in 2020 is a strong possibility. On several metrics, pessimism surrounding next year's economy has reached a multi-year high. Not since the global financial crisis of 2008 have we seen such troubling data.

If you're retired, preserving capital will be *critical*. We're still enjoying a decade-long bull market, causing many retired investors to become complacent. Don't be caught off guard. Market downturns can happen suddenly, wiping out years of savings in a matter of months. If you want to protect your hard-earned capital, now's your chance.

While bear markets are never a welcome event, there are some stocks that can mitigate the impacts. In fact, the following two picks could actually *rise* in value during a recession. And that's not just speculation. During the last bear market, one of these stocks achieved record-breaking results.

A bear market can ruin your retirement. Avoid disaster with the two stocks below.

Built to last

Hydro One (TSX:H) is one of the largest electric utilities in North America, even though it's focused on a single Canadian province: Ontario. That's because Ontario is Canada's most populated province, and Hydro One's transmission lines reach 98% of its citizens, giving the company almost 1.4 million customers. Last year, the company's rate base was worth nearly $20 billion.

As long as Ontario's residents keep using electricity, Hydro One should benefit. That's because 99% of its business is fully rate regulated, meaning the company knows in advance how much it can charge customers for power. In addition, it has no generation or material exposure to commodity prices, making Hydro One a pure middleman operation. Because no one else has access to its transmission and distribution infrastructure, the company is somewhat of a monopoly.

Due to rising populations, increasing energy demand, and cost-efficiency improvements, Hydro One aims to boost EPS by around 5% per year. Including the 4% dividend, total shareholder returns won't wow you over the long term, but the business should keep growing even during a severe downturn. If a bear market hits, Hydro One stock looks like a great place to hide.

Here's the proof

If you're looking for more stocks that can weather an intense bear market, look no further than **Fairfax Financial Holdings** (TSX:FFH). Fairfax is led by legendary investor, Prem Watsa, who has generated 17% annual returns for shareholders since 1985. His record isn't perfect, but boy, does it shine when things get tough.

During the 2008 financial crisis, for example, shares *increased* in value. While investors around the world were losing their life savings, Fairfax shareholders were turning a profit. That's because Watsa had purchased billions of dollars' worth of financial securities that bet against the U.S. housing market. He couldn't have been more right.

Long term, Fairfax should continue to lean on its insurance businesses to generate regular cash to make bets on individual stocks and the overall economy. Judging by Watsa's 35-year history of success, there's reason to trust this guru through thick and thin.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:FFH (Fairfax Financial Holdings Limited)
2. TSX:H (Hydro One Limited)

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1. Business Insider
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