



Worried About a Market Crash? Buy This Dividend-Growth Stock for Protection

Description

North American stock markets continue to flirt with all-time highs. Interest rates remain extremely low, and while this has been the most significant tool that has been used to drive economic growth, how much lower can they go? Debt levels remain unsustainably high, and the market seems increasingly nervous.

So, where can we go for protection in the event of an upcoming storm? What kind of stocks should we own [if we are worried about a market crash](#)?

Waste Connections ([TSX:WCN](#))([NYSE:WCN](#)) is a great example of the kind of stock that we should be seeking out in to protect us from a market crash. It is an integrated solid waste services company that provides waste collection, disposal, and recycling services in the U.S. and Canada — the type of business that does not really wax and wane much regardless of the economic background. There will always be waste, and we will always need a way to get rid of this waste.

Competitive advantages solidify investment case

Waste Connections is the third-largest solid waste company in North America. The company has gotten there through a concerted effort to consolidate a very fragmented industry both in Canada and the U.S. This has given the company size and scale and a highly efficient operational structure. Waste Connections has successfully focused on growth through acquisitions as well as vertical integration.

The company's strategy also entails a focus on target secondary and rural markets. These markets are less competitive, which improves financial returns and enables Waste Connections to achieve higher market share than would otherwise be possible.

Looking ahead, Waste Connections still expects significant acquisition activity this year, which will further solidify its company advantage. Management has highlighted the fact that acquisition activity continues to be at an above-average level, and that there are a few potential acquisitions that could close later this year or early next year. Waste Connections has the balance sheet and cash flow to easily support and finance this continued acquisition activity.

A dividend-growth stock to shelter you from a market crash

In a market crash, [owning dividend-growth stocks is a clear winning strategy](#), especially when this dividend growth is pretty much guaranteed, as it does not rely on a healthy economic environment or stock market, as is the case for Waste Connections.

Waste Connections stock has a strong history of dividend increases and capital appreciation, as the company continues to crank out cash flow and earnings at a healthy pace, driving home the value that this stock offers investors. The company continues to beat expectations, raise its dividend, and send its stock soaring, with a year-to-date return of 20% and a three-year return of almost 80%.

I would like to highlight here just how much the dividend keeps growing. Waste Connections shareholders enjoyed a 24% dividend-growth rate in 2016, a 17% dividend-growth rate in 2017, a 16% dividend-growth rate in 2018, and a 15.6% dividend-growth rate in 2019. We can clearly see that this company and its shareholders are thriving.

Foolish final thoughts

Waste Connections stock has a lot going for it. If you are worried about a market crash, this stock will provide you with exposure to a defensive, high cash flow business, a growing dividend, and a steady anchor to protect you from the storm.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

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1. NYSE:WCN (Waste Connections)
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