Why You Shouldn’t Worry About a Market Crash (Even Though it’s Definitely Coming)

Description

As talk of a recession and market crash becomes more frequent, it’s likely that the probability of a negative event occurring is greatly improving.

Where we are today with markets at all-time highs and one of the longest bull runs in history, the market is clearly due for a major correction.

Despite a number of people agreeing that the market and economy is ready for a reset, nobody can tell you when it will actually happen.

It’s virtually impossible to try and predict the timing of market crashes; therefore, worrying about it is essentially pointless.

It also doesn’t make sense to worry about market crashes if you have a portfolio that is prepared for bear markets and set up to appreciate in the long run.

This is why Warren Buffett is never concerned with macroeconomic figures, because he is always investing for the long term and stays disciplined when selecting his investments.

By doing this, you also set yourself up to add high-quality stocks, as they are being sold off in a recession, giving you the ultimate opportunity to get the best of the best stocks, below fair value.

Two stocks to consider adding to your portfolio to strengthen its resilience are **Canadian National Railway** (TSX:CNR)(NYSE:CNI) and **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM).

Both companies are massive businesses that have a natural competitive advantage and moat that protects them. As we saw in 2019 with Canadian National for example, a simple one-week strike severely impacted the national economy from coast to coast.

This is due to the natural role the railway industry plays in the economy, and CNR’s role allows its investors to know that nothing too bad could ever happen to the company.

While the Canadian economy doesn’t rely on Brookfield like it does Canadian National, Brookfield too is a large well-positioned company. It is so well diversified and invested in the global economy that it too is well positioned for the future.

Of the two, Canadian National is the more stable play, as it’s clear its business will continue to grow over time but at a pace that is relatively slow. The trade-off is that it’s such a high-quality business, like I touched on before, it’s highly unlikely anything bad will happen to it.

If you are buying CNR for the long run, it’s almost completely guaranteed that the investment will yield you a great deal of profits.

Brookfield, however, is a stock that you can still expect to earn you considerable income over time, but comparatively, its business has a bit more risk associated. While it’s highly unlikely the company ever goes bust, the impact a recession could have on its business is slightly higher than CNR’s.

The trade-off is that Brookfield will grow your investment at a much faster pace during expansionary periods, as evidenced by the company’s past performance.

Who says you have to choose one or the other though? Most investors should consider adding both of these companies, as they are two of the best stocks in Canada.

In addition, you should also look to add more stocks that are modelled like these — high-quality businesses that are extremely profitable and operate in industries that will stand the test of time.

Selecting only the best of the best will keep your portfolio as resilient as possible, and over time, you will come to welcome these market crashes, so you can add more of your favourite stocks at a major discount.

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2. NYSE:CNI (Canadian National Railway Company)
3. TSX:BN (Brookfield)
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