



## These 2 TSX Stocks Can Thrive After Major Market Crashes

### Description

We are just entering April 2020, and it's already clear that this will not be a stellar year for the global economy. The COVID-19 pandemic is spreading like wildfire across the planet, and the economy is grinding to an abrupt halt as countermeasures are taken to counteract the spread.

Governments around the world are collectively injecting trillions of dollars in stimulus funds in a bid to keep markets afloat. Despite all their efforts, investors can expect to see a long and dark road of recession ahead.

I don't think many companies will recover from the market crash we are witnessing right now. That said, some companies can weather the market crash and emerge stronger than they were before the market crash.

If you're a long-term investor, I will discuss two stocks you could consider investing in to leverage the effects of the crash and potentially grow your net worth substantially.

### Constellation Software

**Constellation Software** ([TSX:CSU](#)) is not something we can draw on from the major market crashes in the past. Still, this company is well-positioned to thrive after the current market crash. It can outperform the broader stock market in 2020 despite the coronavirus-fuelled halt in the economy.

Most of the firm's clients consist of government agencies and public sector contractors, which means that its clients will not stop business during the recession — and neither will Constellation, though it might lose some of its revenue due to the closure of non-essential businesses. As two-thirds of its clients will not stop work during the crisis, it can keep the cash flow rolling in.

Other software firms might not be able to weather the recession so well. Post-recession opportunities will await Constellation, as it may look to acquire other software firms at [attractive prices](#). An acquisition-driven growth strategy might heavily work in favour of Constellation.

At writing, the stock is trading for \$1,289.71 per share. While it's down 14.67% from its February 2020 peak, it's been on an upward trend since March 18, 2020.

## Royal Bank of Canada

The **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is the most significant financial institution among Canada's Big Six Banks. The current recession we are witnessing is something that economists believe can dwarf the recession of 2008. The Big Six have suffered like most of the **TSX** due to the market crash.

At writing, the Royal Bank of Canada stock is trading for \$83.05 per share and is down by almost 24% from its February 2020 peak, although it's faring better than its closest peers. RBC is also performing better than the broader market, with the **S&P/TSX Composite Index** down by almost 30% in the same period.

Canada's Big Six have positioned themselves to mitigate the impact of an economic downturn. Indeed, 4% of RBC's Canadian residential mortgage portfolio are protected by insurance.

This shifts the burden of those mortgages to the insurer if the borrowers default. RBC also has a loan-to-value (LTV) ratio of 53%. This LTV indicates that there needs to be a significant drop in property value to affect the bank's mortgage portfolio.

There is also plenty of room for RBC to restructure its impaired loans. RBC finished its Q1 of fiscal 2020 with a gross impaired loans ratio of 0.45%. It's the lowest among the Big Six and highlights the quality of its loan portfolio.

Despite a bleak short-term outlook in the recession, Royal Bank has plenty of room and robust fundamentals to help it survive the crash and thrive after markets recover.

## Foolish takeaway

In [times of recession](#), investors should look toward assets that can help them retain as much of their capital as possible. The Royal Bank of Canada has a historical record of surviving market crashes and thriving as the economy recovers.

Constellation Software has all the right conditions to retain healthy cash flow and acquire other companies at attractive valuations once the market improves.

It could be worth your while to take a closer look at both of these stocks as you look to park your capital and leverage the impact of the recession.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Tech Stocks

## TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:RY (Royal Bank of Canada)

## PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

## Category

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Tech Stocks

### Date

2025/08/16

### Date Created

2020/04/03

### Author

adamothonman

default watermark

default watermark