2 Stocks I’ve Added to My Watch List for the Next Market Crash

Description

The market has already had one significant crash this year, are we headed for another? Now that the **S&P/TSX Composite Index** has run up more than 30% over the last three months, a healthy pullback is not out of the question.

The incredible run came after a record-setting drop of 35% in just over one month. The V-shaped recovery over the past three months, coupled with COVID-19 cases beginning to spike again in some parts of the world, has investors bracing for another crash.

Although no one can predict the direction of stock market moves, having an updated watch list is never a bad idea. Building a watch list allows investors to be proactive with their portfolio, rather than making rash reactive decisions based on sudden market movements.

I’ve covered two top **TSX** stocks that I’ll be looking to add if the market crashes in the near future. While each company is a great long-term hold for any Canadian portfolio, I’d prefer to wait until a significant market drop before picking up shares of either company.

Enghouse Systems

Enghouse Systems (TSX:ENGH) is a Canadian tech company that develops enterprise-level software solutions. The company has had an impressive run this year, with the stock price gaining 50% year to date.

The tech company has been riding the tailwind of the shift of working employees moving from offices to their homes. Of the enterprise-level software that Enghouse Systems provides, three areas of specialization include remote work, visual computing, and telecommunications networks.

Another growth catalyst for the tech company is the telemedicine industry. Enghouse Systems has implemented an aggressive acquisition strategy to help fuel growth, which included a recent acquisition of Vidyo. The acquired company provides software-based visual communication products and specializes in the telemedicine industry.

Enghouse Systems' healthy balance sheet should also allow the company to continue to execute its acquisition strategy for years to come.

Shopify

Now valued at a market cap of $165 billion, **Shopify** (TSX:SHOP)(NYSE:SHOP) is currently the largest company in Canada.

The tech company has already grown more than 150% year to date and still likely will not come anywhere close to the performance that the stock saw in 2019. That said, Shopify continues to amaze the investing world, so nothing is truly out of the question for this tech stock.

The e-commerce giant provides a cloud-based multi-channel commerce platform. Small- and medium-sized businesses have been the typical client size for most of Shopify's existence, but the tech company has made it clear that it's ready to take on the giants of the world.

Shopify recently teamed up with **Walmart** in what looks like a win-win situation for both companies. The deal will allow Walmart to expand its third-party marketplace, while Shopify merchants will be able to tap into Walmart's customer database and sell products directly through Walmart.com.

Although I'm definitely a satisfied Shopify shareholder, that doesn't mean I'll be adding more shares at this valuation. The stock is now trading close to a price-to-sales of 100. I'll be waiting for a serious dip in price before I add more shares to my Shopify position.

Foolish bottom line

Both of these tech companies have had a great year to date, and I believe will continue to outperform the market for many years. I'll be watching each closely and waiting for a dip in price to pick up shares.

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1. Investing
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