



Worried About Another Stock Market Crash? Buy This TSX Stock Today!

Description

Worried about another stock market crash on the **TSX**? Certainly, there are ample fears in the stock market. Concerns around a major COVID-19 resurgence or lockdown, the volatile U.S. election, the weaning of federal stimulus and support, and just general job and economic concerns could lead to another market crash or correction.

The fact is, stock markets will undoubtedly be very choppy this year. As investors come to grasp with the “true” economic consequences of the COVID-19 crisis, I believe there could be a turn towards safety stocks again. By safety stocks, I mean stocks with solid, well-covered dividends, ample liquidity, consistent cash flows, and revenues that are based on essential needs.

One sector that is particularly attractive in this regard is infrastructure. Despite economic challenges, people still need roads, railways, electricity, natural gas, and telecommunications. Here are is my top TSX infrastructures stock to buy as a hedge for the next stock market crash.

Infrastructure could be a lifesaver in the next stock market crash

Brookfield Infrastructure Partners ([TSX:BIP.UN](#))([NYSE:BIP](#)) is a [perfect stock to hedge against economic uncertainty](#). BIP has a high-quality infrastructure portfolio that is diversified by assets and geography. Its assets include power transmission lines, regulated gas pipelines, rail road operations, ports, natural gas processing, cell towers, and data infrastructure. All these assets assist in making our modern life possible. Consequently, its cash flows are 95% regulated or contracted.

BIP can thrive in good and bad economies

BIP is intriguing, because it can benefit in any economic environment. In good times, it gets upside from increased volumes and inflation-indexed contracts. In difficult times, BIP’s cash flows are protected by regulated pricing and contracted volume minimums. Temporarily challenged economies

can actually be a positive for long-term investor like BIP. It can invest with a lower cost of capital (low interest rates) and benefits from lower development costs.

BIP has \$4.3 billion of liquidity, which it is patiently waiting to deploy. It believes capital and debt markets could eventually dry up in the coming year. The pandemic crisis has depleted many businesses financial resources across the globe. BIP is financially and geographically well positioned to acquire distressed infrastructure — wherever it is a bargain.

Likewise, with many government's facing massive debt burdens and deficits due to the pandemic, private investment partners (like BIP) will be go-to necessities for infrastructure development and management.

BIP has growth and limited downside if the stock market crashes again

All this to say that BIP has some tangible catalysts for growth in this environment. If the stock market were to crash again, BIP's stable cash flow stream should keep the stock relatively stable. Although BIP's 2020 cash flows were temporarily stunted in the pandemic, its management still expects to recover most of the shortfall.

BIP's [stable cash flow profile](#) affords it to pay an attractive 4% dividend. The dividend normally accounts for around 65-75% of cash flows. This means BIP still has ample room to invest in the business, pay the dividend, and keep growing the dividend payout. BIP has raised its dividend by a CAGR of 11% since 2009.

The Foolish takeaway

Considering its business continues to grow, I expect the stock should see a favourable recovery. BIP is a portfolio staple stock that Canadians need to own. If the stock market crashes, no need to worry — this stock will keep kicking out dividends and investing when the world looks bleakest.

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