



1 Top TSX Stock to Buy for a Fall 2020 Market Crash

Description

It's already shaping up to be a highly volatile final quarter for what has been a tire fire of a year. The pandemic rages on, disrupting social life and fanning the flames of uncertainty in the markets. Meanwhile, our southerly neighbours are limping towards a November election, their [president hospitalized](#) with a virus for which there is no vaccine as of yet.

For investors anxious to protect their capital in the near term, defensiveness is everything. But how can investors be sure which names are the most defensive? And how does one gauge defensiveness anyway? Let's take a look at one of the toughest stocks on the TSX and see why it's a top buy for low-risk investors seeking low-volatility names.

One blue-chip stock that takes market froth in its stride

CN Rail ([TSX:CNR](#))([NYSE:CNI](#)) has generated 25% share price growth since this time last year. That's quite the feat for a low-volatility stock such as CN Rail. What it also shows, though, is that investors value CN Rail more highly than they did in 2019. They recognize that it's defensive and appreciate its low-risk attributes. But what are those attributes?

Look at CN Rail's 36-month beta of 0.62. This is considerably lower than market volatility. In 2020, that's an attribute worth paying a premium for. This name is among the [strongest stocks on the TSX](#) for investors seeking to shield their capital from destructive and unpredictable market forces.

A dividend yield of 1.6% may not satisfy some passive-income investors' wealth-creation goals. However, that distribution is fed and watered by an incredibly varied revenue stream. There's not much that CN Rail doesn't ship. Agri products, general freight, metals, fuel, lumber, chemicals — if you can build with it, burn it, or eat it, CN Rail has probably carried some component of it.

Indeed, investors looking for stocks that pertain to so-called essential industries should also take note of this prime ticker. Grain shipments broke records in the third quarter — a reminder that CN Rail is itself a *de facto* play for key consumer staples exposure.

A buy-and-hold name that fits any stock portfolio type

Okay, admittedly CN Rail isn't a cheap stock, with a P/B of five times book. That's twice the average for the Canadian transport industry. But this fits one of the stock market patterns that has developed during the pandemic. Many of the top names actually worth holding in a stock portfolio have already been identified as such by investors. That's pushed up share prices and led to increasing valuations relative to the market. In CN Rail's case, though, it also shows that investors are "on the right track."

For a rail network that already dominates the country coast to coast, breaking new ground might seem unlikely. However, earnings growth could increase by 15% annually over the next couple of years. And by mid-decade, total returns could be in the 100% range. All of the above makes for a thoroughly diversified stock that satisfies a range of low-risk requirements with some growth potential thrown in for good measure.

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