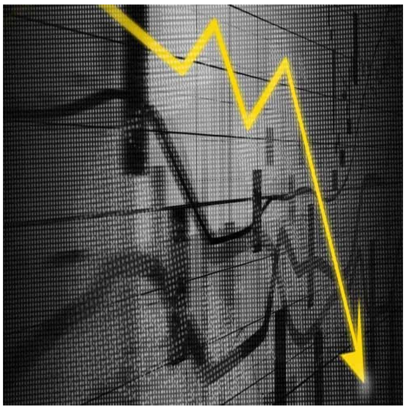

2 Large-Cap TSX Stocks to Buy if the Market Crashes Again

Description

As the fear of an impending stock market crash gains steam amid a resurgent virus and an uncertain economic trajectory, it is prudent to add a buffer to your investment portfolio with these two large-cap TSX stocks.

These large-cap stocks are tailor-made to generate steady returns irrespective of the volatility in the market and add stability to your investment portfolio amid a stock market crash.

Canadian National Railway

Shares of **Canadian National Railway** (TSX:CNR)(NYSE:CNI) are likely to chug along nicely irrespective of the volatility in the stock market. The transportation leader's services are deemed essential and remain relatively immune to economic cycles.

While the illegal blockades and the pandemic affected its volumes, Canadian National Railway's strong operating efficiency impresses. Moreover, Canadian National Railway has been a consistent performer with its revenues and free cash flows growing at a CAGR (compound annual growth rate) of 7% and 8%, respectively, over the past several years.

The company is experiencing sequential improvement in volumes. Meanwhile, its focus on permanent cost take-out is leading to lower operating costs. During the most recent quarter, Canadian National Railway reported a 3% improvement in fuel efficiency, while total operating expenses fell by 8%.

Canadian National Railway's well-diversified revenue base and ability to acquire accretive businesses are likely to support its top-line growth in the coming years. Meanwhile, benefits from the acquisition of TransX, freight rate hikes, and operational efficiencies are likely to cushion its bottom line and cash flows.

The company is also known for boosting its shareholders' returns through higher dividends. Canadian National Railway has uninterruptedly increased its dividends at a CAGR of 16% since 1995, which is commendable. Meanwhile, its low payout ratio of about 36% is sustainable in the long term.

Waste Connections

Waste Connections (TSX:WCN)(NYSE:WCN) is another large-cap stock that remains relatively immune to the volatility in the stock markets. The company benefits from the continued momentum in its underlying business. Meanwhile, its ability to accelerate growth through acquisitions further lends support to its stock.

Waste Connections focuses on the secondary and rural markets instead of highly competitive urban areas, which lowers customer churn rate and drives growth, thanks to the early-mover advantage. Moreover, its focus on niche markets and exclusive contracts further strengthen its base business.

Waste Connections's disposal sites are near the waste stream, resulting in lower transportation costs and optimization of revenues per routed truck.

While its base business remains strong, the company further solidifies its competitive positioning through acquisitions. The company acquired 21 businesses in 2019. Moreover, it acquired 20 businesses in 2018 and 14 in 2017.

Like Canadian National Railway, Waste Connections also boosts investors' returns by consistently increasing its dividends. Its dividends have grown at a double-digit rate over the past 10 years in a row. Moreover, its resilient business and strong cash flows suggest that the company could continue to increase its dividends in the coming years.

Final thoughts

Both the Canadian National Railway and Waste Connections's businesses remain relatively immune to the economic cycles. Their strong balance sheet, solid underlying business, consistent dividend growth, and ability to acquire accretive businesses help these companies to boost shareholders' returns consistently.

CATEGORY

1. Coronavirus
2. Dividend Stocks
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POST TAG

1. Editor's Choice

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2. NYSE:WCN (Waste Connections)
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