



Market Crash: These 2 Stocks Can Protect Your Money

Description

Another market crash is on the way. A growing number of experts fear the worst.

“We are in a bubble, but it is unlike any other,” [said](#) Jeremy Grantham, who has called multiple bubbles over the last four decades.

What makes this potential market crash unlike any other? Previous bubbles had clear catalysts. This one is a combination of low interest rates, government intervention, and wild valuations in the face of historically weak economic data.

The takeaway is that the downturn can begin at any time. “You cannot be as certain as in prior bubbles,” Grantham concluded, noting that asset prices could fall precipitously within a few weeks or maybe months.

You must prepare for a market crash *now*. If you wait for the winds to change, it could be too late.

Just don’t think you need to move to cash. The two stock picks below can protect your downside without sacrificing long-term upside.

This stock should keep rising

Canadian Utilities ([TSX:CU](#)) is a stock you can buy and hold through thick and thin. It has a multi-decade track record of earnings growth through various regulatory and macro-economic cycles. During the 2008 and 2009 financial crisis, for example, earnings actually *grew*.

As its name suggests, the company is a utility business. These businesses are classic hedges against a market crash. That’s because most of Canadian Utilities’s earnings are rate regulated. That means regulators guarantee how much it can charge customers in advance, and because power demand doesn’t shift much year to year, profits are remarkably steady.

Steady profits ensure consistent cash flow, enough to support 48 years of consecutive payout

increases. That's the longest stretch of dividend increases in Canadian history.

With investment-grade credit ratings across the board, this stock will let you sleep soundly during a market crash. Its balance sheet is in terrific condition, while the underlying business is naturally designed to mitigate volatility.

My top market crash stock

If stocks fall, the most resilient investment in Canada might be **Hydro One** ([TSX:H](#)). This stock could actually *rise* during the next bear market.

The company's secret is the same as Canadian Utilities: rate-regulated earnings. But with Canadian Utilities, only two-thirds of earnings are rate-regulated. With Hydro One, the figure is closer to 99%.

Imagine how powerful that business model is during a market crash. Hydro One delivers power to customers, and historically, demand has hardly budged during a crisis. Pricing meanwhile, is set years in advance. There's little that can disrupt this business, even a severe recession.

The best part is that even if markets remain strong, shares should continue to rise. The dividend stands at 3.5%, while annual rate base growth should be around 5%. That combines to an expected return of 8.5% per year. That won't break the bank, but you can achieve those results even if the stock market falls by 50%!

Many experts are worried about [another](#) market crash. Stocks are priced near historical highs. Meanwhile, economic data is weaker than it's been in decades. Make sure you prepare your portfolio in advance.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. TSX:CU (Canadian Utilities Limited)
2. TSX:H (Hydro One Limited)

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Date

2025/08/24

Date Created

2020/12/14

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