2 Stocks That'll Have Your Back Once the Market Crashes Again

Description

Even with renewed vaccine hopes and a potential return to normalcy in the cards for 2021, investors should never rule out the occurrence of negative surprises that could spark a market crash. You see, market corrections, crashes, bear markets, and meltdowns tend to happen when we least expect it.

While it's tempting to time the markets by trying to get the most gains from rallies with the intention of getting out before the market crumbles, it's a far better idea to prepare ahead of time, so you're not in a state of shock alongside most others when Mr. Market gives a reminds us all that stocks don't always go up, even though some beginners may think such after the incredible run off those March lows.

The next market crash could happen at any time

Several weeks back, **Morgan Stanley** warned that a December correction of around 10-12% was likely. With just a week to go in what's been a brutal year, the dire prediction is likely to fall through. That said, stocks still look overdue for a healthy, run-of-the-mill correction, and investors should prepare for one now before a potential 180-degree reversal in sentiment that could happen after the inauguration of Joe Biden in late January.

Consider fortifying your portfolio with **Fortis** (TSX:FTS)(NYSE:FTS) and the **iShares S&P/TSX Global Gold Index ETF** (TSX:XGD) if your portfolio is unprepared for that long-overdue correction that may be just around the corner.

A defensive stock that can hold its own when the market crashes

Fortis is a highly regulated Canadian utility with one of the most resilient operating cash flow streams out there. Shares of FTS, its bountiful 3.9%-yielding dividend, and the mid-single-digit annual dividend growth trajectory are about the closest you'll get to a guaranteed in the world of stocks.

While Fortis felt a mild impact from the COVID crisis, the payout remains well covered, and the dividend growth policy will be unscathed. With shares down over 10% from their pre-pandemic all-time highs, I'd look to back up the truck, as the defensive low beta stock could make a huge comeback once volatility strikes again.

At 19.7 times trailing earnings, Fortis stock may not look cheap. But compared to ridiculously-unrewarding bonds, Fortis certainly looks to be one of the better deals on the **TSX Index**.

A golden bet to hedge against volatility, inflation, and a weak loonie

The XGD is a solid basket of gold miners at a reasonable MER of 0.61%. If you've yet to gain precious metals exposure to hedge against the volatility brought forth by this pandemic-plagued market, the XGD is a must-own with shares now in bear market territory due to unfavourable currency moves (the greenback has really weakened versus the loonie) and the mild pullback in the price of gold off its summer peak levels.

It's not just volatility that the XGD can help you overcome, however; it's the rising threat of inflation that many folks in the financial media have been talking about of late. Nobody knows if we'll be in for an unchecked uptick in the rate of inflation due to the unprecedented magnitude of fiscal stimulus. That's why gold is a must, at least for a small part of your portfolio.

Moreover, as the loonie looks to lose ground versus the U.S. dollar, the XGD could get an added boost, making the XGD a compelling currency hedge for those who don't think the loonie will stay strong.

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2. TSX:FTS (Fortis Inc.)
3. TSX:XGD (iShares S&P/TSX Global Gold Index ETF)

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