



Democrats Have House and Senate: 2 Stocks to Defend Against a Market Crash

Description

The stock market has certainly not appreciated a “blue sweep” of the U.S. House and Senate. The stock market ended down on Wednesday, despite gains early in the day, as investors ponder the impact a Democrat-led government will have on tax rates and regulation.

As with all other faith-shattering news headlines, investors should stay calm. Here at the Motley Fool, we always have stock picks to help combat any environment. Accordingly, here are my top two picks for investors seeking defensiveness amid uncertainty ahead.

Waste Connections

Waste Connections ([TSX:WCN](#))([NYSE:WCN](#)) has been one of my top defensive picks for some time. This is a stock that has a highly defensive business model. As far as companies that are built to be recession-proof go, Waste Connections is about as good as it gets.

This stock isn’t cheap right now, trading at a very high price-to-earnings multiple. This is the result of a flight to safety and high-quality growth, both of which Waste Connections provides in spades.

Waste Connections has been able to achieve very high levels of growth via a series of acquisitions in the garbage collection space. This is a highly fragmented industry with a tonne of potential acquisition targets. Waste Connections has averaged almost 20 acquisitions a year in recent years. These acquisitions are a signal of aggressiveness from the company’s management team in the undervalued nature of this sector right now. This also paves the way for unprecedented growth in the garbage collection sector for Waste Connections. Thus, this company’s stock price is currently pricing in a lot of growth at these levels.

The company’s high margin of safety comes from its business model. Waste Connections focuses on segments of the garbage collection business that are high margin and has gobbled up competitors along the way. This company has one of the best sets of operating metrics of its peers, and is among the highest-quality defensive options out there for long-term investors.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a true [Dividend Aristocrat](#), and has similar highly defensive attributes that make this stock a perennial top pick of mine in terms of recession-proofing a portfolio.

The company's dividend yield is among the safest on the TSX. At 3.8%, this isn't a dividend to write home about, but the level of consistency and growth Fortis has provided long-term investors has kept this yield down historically. The company's nearly five-decade run of raising its dividend isn't likely to end any time soon. Additionally, investors concerned about cash flow generation in the overall market shouldn't be with this company. Until the population stops heating their homes and turns the lights off, Fortis will earn growing cash flow over time.

I would highly recommend long-term investors consider Fortis as a core portfolio holding. This goes double for those worried about a serious market correction on the horizon.

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1. Energy Stocks
2. Investing

POST TAG

1. Editor's Choice
2. investing
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3. TSX:FTS (Fortis Inc.)
4. TSX:WCN (Waste Connections)

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