



When Will the Stock Market Crash in 2021?

Description

Despite a challenging outlook in 2021, stocks markets keep rocketing up. Many Canadian investors are concerned about when we could see another stock market crash. The reality is, nobody knows when. If I could predict the market crash in 2020, and then the subsequent market rally, I would be a very rich man — at least, a lot richer than I am right now.

In unprecedented times, markets can appear to behave irrationally. With the IPO frenzy, SPACs, Bitcoin, and cannabis stocks rallying (despite all that's going on in the world), all I can say is investors need to be cautious. Whenever there is a frenzy and everyone is pointing one direction (right now, it is up), that is the time to possibly consider a different current. I would not support exiting equities entirely; just be wary. If you are [concerned about another stock market crash](#), there are a few things you can do to be proactive.

Be proactive before a stock market crash in 2021

Firstly, take a good, hard look at your portfolio. Are you overly exposed to [speculative stocks](#), or do you have a well-balanced portfolio? By well balanced, I mean a good mix of sector, geographic, and asset class diversification. Investing involves a good balance of risk mitigation and reward maximization. It is a fine balance, but it is key to building long-term wealth.

Secondly, consider the quality of your portfolio. Are your stocks businesses that will prosper now and many years from now? Do they have strong balance sheets (preferably net cash) and/or reliable cash flows? If they are good businesses, a stock market crash shouldn't matter. They may lose some steam on the market, but a resilient business will prove itself over the long term.

Thirdly, perhaps consider raising a bit of cash and taking some profits from your more speculative holdings. If you own an unprofitable tech stock that has doubled or tripled this year, you may want to take a bit off the table. Some advisors suggest selling off your principal, so you are only playing with the house's money.

Lastly, if you want to take advantage of a 2021 stock market crash for the long term, then start your

research now. Look for the companies that you would love to own, but are always too pricey. Have a wish list handy and be ready to deploy capital when others are running from the market. Your research and preparedness will pay off in snapping up some great deals.

One sleep-easy stock to own in a volatile market

If you are really concerned about a 2021 stock market crash, one stock you could hide out in is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). This business is a safe-haven place to hide your money. Lately, the stock has seen some weakness. Yet, considering the quality of the company, this is a great stock to own not only in a crisis but forever. 99% of its assets (power and gas transmission/distribution lines) are regulated, so its annual revenues are incredibly predictable and secure.

While renewable power stocks continue to get a strong bid, it is intriguing that Fortis has not. If you are going to produce power, you need to transmit it through infrastructure (i.e., power lines). Power lines are a key part of Fortis's business. For green power to have any effect, you need players like Fortis to transport the power. This should be a tailwind for the company for many years ahead.

Fortis is actually executing a five-year \$19 billion capital plan as we speak. Out of it, management expects to grow its rate base, cash flows, and dividends each by approximately 6% per annum. It already pays a nice 4% dividend. Buy it now, hold it through the 2021 market crash, and sleep easy while the income rolls in!

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