



Market Crash Worries? Here's My Highest-Conviction Safety Stock for 2021

Description

If you're worried that the stock market is skating on thin ice and think we're overdue for a stock market crash, you're not alone. Many smart folks out there, including the likes of billionaire investment guru Carl Icahn, think that this strong rally could end in a vicious pullback.

Such a decline could be unforgiving to beginner investors who've been chasing this [rally](#). While we may be at a high chance of pulling back within the first quarter of 2021, I wouldn't recommend investors to wait on the sidelines for the big drop, especially if they've got excessive amounts of cash sitting on the sidelines.

Playing defence as others play offence

There are plenty of cheap and defensive plays on the **TSX Index** that I believe can withstand the next vicious market crash or correction. While only time will tell if the next big drop will be more forgiving to unloved value plays, one has to think that the biggest tech winners of 2020 would lead the next charge lower, leaving many deeply discounted defensives less at risk of crumbling like a paper bag.

Of course, there's always a chance that the next decline could be an "everything sell-off," given there's a considerable amount of margin debt that could spark a cash crunch. Such a scenario, like the one suffered in the February-March sell-off, will leave few if any, places to hide, as Mr. Market marks down prices of securities across the board.

Consider shares of **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)), a regulated utility play that I view as a top bond proxy, rather than "risky" equity. Shares of FTS currently yield 4% and is a great way to punch your ticket to a 2021 [utilities rebound](#) that I think we're long overdue for.

Market crash prep 101: Fortis stock was beaten down through no fault of its own

Fortis has been on the retreat lately, and for no real good reason.

These days, many investors would rather put their money in riskier plays to improve their chances of making a quick buck. It is hard, after all, to learn that your friend is making huge gains over the near term by speculating on today's "sexy" plays. The increased appetite for speculation, I believe, has caused more than just one bubble to inflate in this market. Surging EV stocks, Bitcoin, and overbought IPOs have made it tough to stand by "Steady Eddie" defensive dividend stocks like Fortis.

Although betting on momentum and neglecting valuation has been a winning strategy in 2020, investors must realize that the tables could turn at any time, and without warning. Everything happens quicker in this highly uncertain market. Just look at how steep the 2020 market crash was!

Fellow Fool Chris MacDonald thinks that we're in for a big [growth-to-value rotation](#), with names like Fortis leading the way at the expense of the frothy, high-flying plays that stole the show last year: "I think large capital flows out of aggressive growth stocks into defensives is on the horizon in 2021."

It'd only be prudent to heed MacDonald's words of caution as we march ever so closer to the next downturn.

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