



## 2 Stocks That Could Be Risk-Proof

### Description

Some investors trade on fundamentals. Others trade on sentiment. Right now, both the fundamentals and sentiment seem to indicate the stock market is in a bubble. And bubbles eventually burst. If you're concerned about a market crash or correction, here are two stocks that could help you weather the storm.

### Fortis

Nothing in the economy is as robust as a utility. These are natural monopolies that supply an essential service which makes them effectively recession proof.

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) stock proved this over the past year. The stock price dropped briefly in March but quickly recovered by April. Since then, the stock price has held steady, while investors have enjoyed an attractive 3.9% dividend yield.

In other words, Fortis is a safe haven for investors worried about a market crash. If the stock market corrects and tech stocks plunge, Fortis could help you preserve capital. The fact that it could also boost its dividend, as it has done over the past 46 years, is an added bonus.

Roughly [two-thirds of Fortis's top line](#) is protected by regulatory mechanisms. This means long-term contracts cement the company's earnings for the foreseeable future. That sort of stability allows the company's management to plan out dividend hikes in advance. The team expects to boost dividends on average 6.5% every year until 2024.

For any conservative investor, Fortis is a portfolio must-have.

### Constellation Software

Enterprise software conglomerate **Constellation Software** ([TSX:CSU](#)) is probably the most boring tech stock on the market. That's also what makes it the most reliable.

Unlike most other stocks in this sector, Constellation isn't overvalued. The stock is currently trading at a reasonable 70 times earnings per share and 25 times free cash flow. Put another way, this stock generates a cash flow yield of 4%. That's incredible!

There are two reasons this cash flow is stable. For one, Constellation's portfolio is well diversified. There are over 300 small software providers that service niche sectors such as hospitality and payroll processing.

The fact that over half of Constellation's revenue is derived from government institutions makes it even more robust. These factors make Constellation the least-risky tech stock in Canada at the moment.

Last year, the stock price dropped just 25% during March and quickly recovered by May. Since then, the stock is up another 10%. It seems fair to assume that Constellation will absorb the shock of any future market crash better than any other tech stock.

## Bottom line

If you're worried about a market crash, your portfolio needs shock absorbers. The best shock absorbers are usually overlooked, seemingly boring stocks in sleepy sectors of the economy. They tend to lose less value than all the others when the market crashes.

With stocks trading at all-time highs and tech stocks trading at ludicrous valuations, another market crash could be imminent. My top two safe-haven picks are Fortis and Constellation Software.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:FTS (Fortis Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

### Category

1. Investing

**Date**

2025/08/26

**Date Created**

2021/01/31

**Author**

vraisinghani

default watermark

default watermark