



Worried About a Market Pullback? These TSX Stocks Will Help You Sleep Easy at Night

Description

Once again the **TSX** stock market is tumbling as the 10-year U.S. Treasury yield climbed over 1.5%. Certainly, it is a bit worrisome. That said, [markets were due for a pullback](#). Stimulated by low interest rates and cheap money, stock markets were previously reaching an equally worrisome euphoria. Markets are not perfectly linear; they go up and down, often for little reason and without much notice.

Keep calm and make a plan

Yet, I would encourage investors to keep calm and not make any irrational decisions. Chances are you are probably down on any stock you bought in January or February (unless it was related to commodities or financials). Don't run for the exits.

This is a normal event, and from time to time the market needs to lose some steam and balance out. The key is to look at your portfolio and see if you are well balanced. In events like this, the consequences are much less meaningful if your portfolio is well-balanced across a broad range of stocks, sectors, geographies, and even asset types.

While TSX tech stocks are down, bank and energy stocks are hitting 52-week highs. While growth names aren't producing returns at the moment, solid income stocks are giving you a nice stream of dividend returns.

Make investment portfolio soup

A well-thought out, diversified portfolio is like a good soup. If you miss an ingredient you notice it. Yet, if the flavours are balanced, you never grow tired of that recipe. Preparing your investment plan is like building that ingredient mix. If you put the time in, you will end up with a portfolio that can succeed in market ups and market lows.

Given this, it is a great idea to own a balanced mix of growth and cyclical stocks right now. Take the

drop in valuation to buy up those long term tech stocks you have always wanted. Similarly, maybe add to some of your favourite energy or financial names. Two stocks that I like for their mix of value, growth, and cyclicity (to some extent) are **Enbridge** ([TSX:ENB](#))([NYSE:BAM](#)) and **Brookfield Asset Management** (TSX:BAM-A)([NYSE:BAM](#)).

Enbridge is a great TSX cyclical stock

Enbridge is a great cyclical stock because it will earn upside from commodity tailwinds. It also has downside protection. As one of North America's largest pipeline companies, Enbridge's cash flows are largely contracted or regulated, which means its cash flow is stable and predictable.

It pays a very attractive 7.5% dividend, which is actually well covered by distributable cash flows. This is your downside risk. Even if the stock loses some steam, you still get an ample distribution (if it was safe in the pandemic crash, it is even more safe now).

The upside is if oil prices remains strong and oil producers start looking to increase volumes. Incrementally, [Enbridge could see demand](#) for its assets tick up and that could certainly bolster cash flows. Overall, this TSX stock has little real commodity exposure, so it's an indirect way of playing a potential commodity boom.

A TSX stock for every market

Brookfield Asset Management is one of the world's largest managers of alternative assets. Like recommended above, it has steadily been diversifying its portfolio of fund offerings. Consequently, it can find a way to succeed in almost any type of market.

While bonds are charging to 1.5%, they remain incredibly low when compared to history. As a result, Brookfield has seen very strong fundraising from institutional investors who cannot meet their income targets with bonds. Brookfield manages very long-life assets such as real estate, infrastructure, and renewables.

These are assets society needs to operate. It has been able to utilize the low-rate environment to lock-in very solid financing rates. Consequently, it is able to earn very strong cash flow yield spreads. Overall, this company has a great management team, with years of experience allocating capital. If there is one TSX stock, I trust can do well in most economic environments, BAM is it.

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4. TSX:ENB (Enbridge Inc.)

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