



Protect Your Portfolio Now With These 2 Stocks

Description

It's nearly impossible to time the market, but that hasn't stopped several experts from spreading fear. If you're worried about your portfolio, you're not alone.

"This bubble is more impressive even than 2000, which was the champion. About 80% of the value measures have this one higher. We'll be rather lucky to have this bubble last until May," said legendary investor Jeremy Grantham. "For heaven's sake, do the little that you can do to prepare for the future."

Grantham isn't alone.

"The market is dancing on a knife's edge," [said](#) Michael Burry, the famous investors behind *The Big Short*. "People say I didn't warn last time. I did, but no one listened. So I warn this time. And still, no one listens."

Regardless of what happens in 2021, there are things you can do right now to protect your portfolio.

This stock is super reliable

In times of trouble, it doesn't get much better than **Hydro One** ([TSX:H](#)). If you want to sleep easy, this is the stock for you.

Hydro One is a simple business. It's a rate-regulated utility. That means it provides power to customers at regulated prices. This model brings two advantages to your portfolio.

First, power demand is resilient, even during a recession. That mitigates volatility from the start. On the other side, regulators dictate prices often years in advance, so even a deep recession doesn't impact prices. In total, Hydro One can post reliable volumes and pricing in nearly any environment, leading to reliable cash flow visibility.

Shares currently pay a 3.6% dividend and are likely only to produce roughly 5% annual rate base growth. The combined return will be nothing to brag about, but having your portfolio remain stable

during a market plunge may be worth the tradeoff.

How to protect and grow your portfolio

Many investors are willing to take on a bit more risk when deciding how to protect their portfolios. If you want to mitigate your downside but still leave room for home-run returns, stick with **Constellation Software** ([TSX:CSU](#)).

Constellation is one of the best-performing stocks ever. Since 2006, shares have risen by 9,000%. A small investment could now be worth \$1 million or more.

As its name suggests, Constellation is a software business. Importantly, it focuses exclusively on niche, mission-critical software. This specialization is what makes it a reliable bet during a market crash.

“If you run a business and use a piece of software to automate a mission-critical process, is that really something you want to mess around with,” I recently [explained](#). “Plus, because these products are niche, there often isn’t a single competitor to switch to.”

These basic qualities of Constellation’s software portfolio result in low customer turnover during a recession. And because software products are typically high margin, the company has plenty of financial power to survive even a multi-year bear market.

What if a market crash doesn’t arrive in 2021? You’re still prepared with this stock. After posting double-digit returns for over a decade straight, this is a rare win-win investment for an uncertain future.

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