



2 Stocks to Buy Before a Market Correction

Description

Will the market correct in 2021? One expert thinks so.

“This bubble is more impressive even than 2000, which was the champion,” [said](#) Jeremy Grantham. “About 80% of the value measures have this one higher. We’ll be rather lucky to have this bubble last until May.”

Anyone can be a bear, but Grantham has an impressive track record. He’s spotted nearly a dozen bubbles over his lifetime from real estate to equities.

“I sympathize completely with these people out there enjoying this bubble, but they’ve always ended very badly, and I have no doubt this one will too,” he concluded.

If a correction is just around the corner, you’ll want to own stocks like the two below.

Sleep easy every night

Hydro One ([TSX:H](#)) is one of the safest stocks I know. Its business model is designed to withstand economic shocks. If you want to sleep easy, even during a market correction, this is the investment for you.

The secret is embedded directly into Hydro One’s business model. It’s considered a rate-regulated utility. That means it provides power to customers, and its rates are determined by regulators. Heavy regulation sounds like a bad thing, but it’s a gift during a downturn.

When stock markets fluctuate, power demand doesn’t shift much. That provides stable volumes for Hydro One. And because pricing is dictated by regulators, often years in advance, there’s little impact there as well. In combination, the company achieves extreme cash flow visibility no matter where the short-term economy heads.

What can you expect from this business during a market correction? Profits should barely move,

meaning the stock price shouldn't move much either. With cash flow visibility, the 3.5% dividend should also be safe.

In total, Hydro One stock can deliver positive returns during a bear market. You won't become a millionaire overnight, but you'll save yourself from financial ruin without sacrificing upside potential.

If you want even more upside, check out the stock below.

Profit during a market correction

Constellation Software ([TSX:CSU](#)) is a company that could actually *benefit* from a downturn.

"To understand its success, you need to go back to its founding," I recently [explained](#). "Mark Leonard founded the company in 1995 after a career in venture capitalism. In his previous work, Leonard learned an important fact: the software industry was ripe for a roll-up."

A roll-up is exactly what it sounds like. It's when a company goes out and buys all of the competition, rolling the market into one entity. This works well when an industry is highly fragmented, providing a long runway for consolidation.

Since 2006, Constellation stock has risen more than *80 times* in value, often posting gains during a correction. Think about why that might be. If asset prices fall, acquisition prices fall in tandem, giving Constellation more bang for its buck. Because it's a long-term investor, it can take advantage of short-term swings, trading volatility for long-term profit.

This is a rare stock that can beat the market in good times, yet insulate your downside during a market correction.

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