TSX Giants: 3 Stocks That Have Stood Tall in Market Pullbacks

Description

While value investors might certainly like them to be, market crashes are not as frequent as many people think. That's at least true for the crashes that put every stock from virtually every sector on a discount. Since there are relatively few "data points," it's a bit difficult to predict which stocks are poised to stand the test of time.

Still, there are several stocks that have not just proved their mettle during market crashes and corrections; they are likely to leave unscathed from future crashes as well.

A software company

Constellation Software (TSX:CSU), one of the priciest stocks on the TSX, is also one of the most stable ones. Unlike other tech stocks that are prone to unusually high spikes and subsequent normalizations, CSU tends to be quite consistent with its growth. In the last five years, the stock has grown its market value by about 280%, and even though it's expensive *and* overpriced (currently trading at $1,912 per share), the growth is expected to continue.

CSU stock stood tall in the last market crash. The valuation dropped just about 20%, and the stock was back on its feet (to its pre-pandemic valuation) in a little over three months. The company also manage to sustain its valuation during the Great Recession. Its diverse portfolio of acquisitions and its status as an aristocrat also endorse its stability and potential for surviving the next pullback.

A supermarket company

Two businesses expected to survive market crashes and even recessions (among a few others) are food and health, and **Metro** (TSX:MRU) is in both. The supermarket company has over 950 food stores and 650 drug stores under multiple banners. Most of its food and drug stores are concentrated in Quebec, with a decent presence in Ontario.

The geographical concentration might not look safe in the long run, but the benefits of a loyal clientele and powerful market penetration outweigh the cons in the case of Metro. It is a long-standing aristocrat (26 years of dividend growth) and an impressive growth stock with a 10-year CAGR of 15.9%. As for market crashes, the company took the last one very lightly indeed. The stock barely dipped, and it was back to its pre-crash valuation in fewer than 30 days.

A railway company

Canadian National Railway (TSX:CNR)(NYSE:CNI) has been a reliable growth stock for a while now. Even though it's not as rapidly growing as Constellation nor as consistent, CNR's growth has still been relatively predictable. And it's also trading at a reasonable price right now. CNR stock started crashing earlier compared to the broad market, but it didn't fall quite far before recovering back to its pre-pandemic valuation.

The 10-year CAGR is 15.3%, far more impressive compared to its modest yield of 1.8%, but that's an added bonus, and the payout is expected to keep increasing for the foreseeable future. The company has been growing its payouts for a quarter of a century, and it's unlikely to forgo its aristocratic status. The railway operates a powerful network and has an impressive presence in both Canada and the U.S.

Foolish takeaway

These three stocks have stood tall during market crashes and have even outperformed the broad market during economically harsh periods. All three are aristocrats, and even though they don't offer very attractive yields, the growth that offsets the yield is enough to make up for it.

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2. TSX:CNR (Canadian National Railway Company)
3. TSX:CSU (Constellation Software Inc.)
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