3 Stocks I Would Buy During a Market Correction

Description

It goes without saying that some sort of market correction is inevitable. In fact, investors should expect the market to fall 10% once a year, 20% every four years, and 30% once a decade. However, that's not meant to scare you. Times of volatility like market declines are actually a great opportunity for patient investors. Such times allow you to pick up shares of solid companies at a major discount. In this article, I discuss three stocks I would buy during a market correction.

The first stock I bought during the COVID-19 market crash

When the market was crashing in March 2020, due to the rapid spread of the COVID-19 illness, I quickly began to look around for stocks to start buying. It didn't take long for me to realize that **Shopify** (TSX:SHOP)(NYSE:SHOP) was trading at a major discount. The stock was the first company I started adding to during the crash. Since then, Shopify's strong business has allowed the stock to rebound. Today, it trades about 6% down from its all-time highs. However, Shopify has a very good chance of smashing those levels in the future.

The reason Shopify seemed like such an easy choice to start buying during the correction was because of all the positives the company brings to the table. In terms of what it provides the world, Shopify really does *make commerce better for everyone*. The company allows merchants of all sizes to operate online stores with ease. Shopify is also founder-led, with Tobi Lütke even writing the very first line of code which would later become the Shopify platform. Finally, it has a sticky business model with strong subscription numbers.

You can't go wrong buying this

If someone told me they had a stock that you could buy pretty much any day of the year and expect it to be a decent investment, I would be rather skeptical. However, if there was a stock that you could say that about, it'd be **Evolve FANGMA Index ETF** (TSX:TECH). The first thing you'll note is that this isn't actually a stock; It's an exchange-traded fund (ETF). So it's actually a basket of companies that you would be buying. However, it's not simply that it's a basket, that should give investors confidence over the long run. Instead, it's the companies included in the basket.

You may have guessed that the Evolve FANGMA Index holds the six American big tech companies. These include **Facebook**, **Amazon**, **Netflix**, **Alphabet** (Google), **Microsoft**, and **Apple**. These companies have such a strong presence in our everyday lives that I believe it would be hard to find a single person that doesn't rely on at least one of their products on a day-to-day basis. As the world continues to function, we will continue to require the products and services of these companies, making this an excellent buy.

Add some stability to your portfolio with this company

Finally, investors should consider adding shares of dividend companies to their portfolios in the event of a market correction. It's been found that during times of uncertainty, dividend companies are often more stable and suffer less severe losses. If this were a strategy I decided to employ, I would consider adding **Fortis** (TSX:FTS)(NYSE:FTS) to my portfolio.

Fortis provides regulated gas and electric utilities to more than 3.4 million customers across Canada, the United States, and the Caribbean. The company is one of the most prolific Canadian dividend companies of all time. Fortis holds a 47-year dividend growth streak. This is currently the second-longest active dividend growth streak in Canada — a true Dividend Aristocrat.

Fortis's long history of smart capital allocation should alleviate any worries about the company's relatively high dividend payout ratio (75%). If you're looking for a dividend company to add to your portfolio, take a look at Fortis.

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Date
2025/07/04
Date Created
2021/09/07
Author
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