3 Stocks I Own and Will Buy More of if the Stock Market Crashes

Description

The TSX has been turning things around since mid-July. The speculation for 2022 has become more positive, but the 2023 outlook is still the same — a recession could be on the way. It's difficult to predict how the recession could impact the stock market. We might see a slow slide down, which may take months to recover.

Or there might be one sharp dip, like there was in 2020. And if that happens, investors will have the chance to buy their favourite companies at discount prices. I've already set three targets in case the market crashes.

An insurance leader

Leaders in their respective industries, especially if the industries/companies themselves are time relevant and not expecting any radical shift in the near future, make healthy long-term holdings. And this is just one reason why **Intact Financial** (TSX:IFC) is such a coveted stock. It's a Canadian leader in P&C insurance, with a growing market presence in the U.K., Ireland, and the U.S.

If we consider the performance of the stock in the last decade, especially compared to the life insurance giants like **Manulife**, it's easily one of the best picks from the insurance industry. It's a consistent grower that has returned over 184% in the last decade through price appreciation alone, and it also offers a healthy dividend at a modest yield (2.2% now).

A market crash would be a perfect time to buy this great growth stock that's discounted and possibly undervalued and, at the same time, lock in a much more attractive yield than the current one.

The banking giant

Not only is **Royal Bank of Canada** (TSX:RY)(NYSE:RY) the clear leader of the industry by market cap and in several other domains, but it has also been one of the two top-performing stocks in the banking sector in the last decade. And the growth potential also comes with a healthy 4.13% yield, which might grow to an even more attractive number during a market crash.

The stock is adequately discounted (16.8%) and fairly valued, and a market crash could put a significantly larger discount tag on the stock. This will offer decent short-term growth (when the stock recovers) and add to the long-term return potential. A higher yield and lower valuation will also pair favourably with the existing stake, adjusting the numbers to more attractive levels.

A gold stock

Franco-Nevada (TSX:FNV)(NYSE:FNV) is a gold royalty and streaming industry giant. It has an impressive portfolio of over 400 gold projects, 112 of which are already in the production stage. And with 250 exploration projects (most of which might turn into healthy gold producers), the future cash flow of the company seems promising.

More than half of the portfolio is focused on gold alone and another significant portion on other precious metals. Geographically, the portfolio leans quite heavily on the Americas.

Thanks to the royalties-based business model, Franco-Nevada is not as vulnerable to price swings as gold miners are — something that's reflective in its price performance. It's also a Dividend Aristocrat (meaning it has increased its dividend consistently for at least five years), though the yield is typically too low; it's just one of the reasons to buy it during a market crash. The other reason is the potential that gold stocks offer during a recession.

Foolish takeaway

All three stocks may offer decent returns during the recovery phase after the market crash. But it might not be comparable to more volatile securities. The main reason to buy these three in a crash is the long-term return potential. A higher yield, lower value, and a discounted price can significantly impact the overall return potential of the companies.

CATEGORY

1. Investing

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:FNV (Franco-Nevada)
4. TSX:IFC (Intact Financial Corporation)
5. TSX:RY (Royal Bank of Canada)

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