1 Sad Lesson the 2020 Market Crash Is Teaching Investors

Description

The convergence of COVID-19 and the oil price war was the reason for the 20% slump of the Toronto Stock Exchange (TSX) in the first quarter of 2020. The index lost about $750 billion in value.

The trading volume in March, however, was almost $16.8 billion, or double the volume versus the same month in 2019. Despite the market crash, the stock market remains one of the best marketplaces to build wealth. But how safe is safe?

Asset allocation

In the stock market, risk-averse investors spread the risk. When you want to continue building wealth while the market is declining, the key is asset allocation. The strategy allows you to avoid as much risk as possible. You boost your chances of riding out the market crash when you diversify.

Emerging winners

Since no one can predict when a market crash will happen, you should be looking for investments that can provide a higher degree of shelter. Always remember that in stock investing, growing your money and protecting your investment is a balancing act.

People with holdings in **Kinaxis** (TSX:KXS) and **Innergex Renewables** (TSX:INE) are finding out why both companies are the emerging winners amid the financial devastation that COVID-19 is causing.

Critical supply-chain software

Kinaxis is at the epicentre of the current madness. As of this writing, this tech stock is surprisingly in positive territory. Very few stocks are posting gains, whereas Kinaxis is ahead 1.45% year to date.

This $2.68 billion company has software that can track supply chains. Kinaxis is expecting potential new sales because of the major disruptions in the supply chain. Companies are unable to cope with the changing market conditions that effective management of the supply chain cycle is of the utmost importance.

Kinaxis's software is a tremendous help in supply chain planning, monitoring, and decision-making. Its Rapid Response platform enables prompt response and action by the users. The results are risk reduction, cost savings, and maximum business performance.

The company is playing a key role in ensuring there is the much-needed agility in communication in the supply chain ecosystem. More importantly, software users can work from home.

Thriving IPP

Utility companies and independent power producers (IPPs) are among the safe assets in a massive downturn. Innergex is a $3.12 billion independent renewable power producer in Canada, Chile, France, and the United States.

The company owns and operates various renewable power sources, such as hydroelectric facilities (37), wind farms (26), and solar farms (five). The total net installed capacity is 2,588 megawatts. An additional net installed capacity is coming from numerous development projects, including two projects in Hawaii.

Innergex has set aside $500 million for the future development of renewable energy. The goal is to have at least a couple of hundred megawatts annually.

This utility stock is trading at $17.93 per share as of this writing. It has a dividend yield of 4.02%. Notably, Innergex has a 7.37% gain year to date. The company is fresh from its impressive growth in production (28%), revenue (16%), and adjusted EBITDA (16%) last year.

Protection against market disruption

Kinaxis and Innergex are two of the better investments to own and won't be caught off guard when a major market disruption arises.

CATEGORY

1. Dividend Stocks
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1. Editor's Choice

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1. TSX:INE (Innergex Renewable Energy)
2. TSX:KXS (Kinaxis Inc.)

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