



2 Stocks to Buy If You Think COVID-19 Will Last Into 2021

Description

It's becoming more unlikely that the insidious [coronavirus](#) which causes the deadly COVID-19 is going to be eradicated anytime soon. The global death toll is nearing 300,000, and some are in the belief that we're still in the early innings of this pandemic.

While it's foolish (that's a lower-case "f") to attempt to predict what's going to happen next with stocks, the economy, or the pandemic, it is only prudent to spread your bets across the wide range of outcomes.

You can hope for a best-case scenario, but you shouldn't bet on one by going all-in on cyclical stocks that could skyrocket on news of an effective vaccine.

Instead, you should distribute bets across the wide range of outcomes and have a backup plan in case we are dealt with a worst-case scenario and the pandemic drags on through 2021 — or 2022, God forbid.

It's only prudent to [prepare for the worst](#) as you hope for the best.

That doesn't mean hoarding cash and letting it sit in sub-1% interest rate savings accounts, though. You should adopt a risk-parity approach to investing, so you'll maximize your risk/reward trade-off with careful consideration for the best- and worst-case scenarios, as well as everything in between.

If your portfolio is overweight in cyclicals and depends too much on a quick eradication of the coronavirus, you may want to diversify your way into stocks that can continue faring well should COVID-19 lasts for longer than most folks on the Street are expecting.

Consider shares of **Jamieson Wellness** ([TSX:JWEL](#)) and **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)), two wonderful businesses that will face a minimal amount of disruption to operating cash flows should this horrific pandemic spill into 2021.

Jamieson Wellness

Jamieson is an underrated mid-cap that I've been pounding the table on for years. Shares of the manufacturer of vitamins, minerals, and supplements (VMS) have remained resilient in the face of COVID-19, a trend that will probably continue for the duration of this pandemic.

The stock recently rocketed to new all-time highs, as the demand for its products sparked a revenue surge of 16.5% to \$84.5 million for the first quarter. Despite the incredible rally (shares are up around 80% over the past year), I still view the nearly century-old company as undervalued given its resilience and the fact that it's still in the early innings of its growth story.

With shares trading at 3.8 times sales, investors should buy shares today if they're looking to prepare for a potential worst-case scenario to unfold over the coming months. As the pandemic drags on, wellness will be at the top of the minds of many, which bodes well for the Canadian VMS kingpin.

Algonquin

The pandemic has caused many firms to take the axe to their dividends. In an era where dividend reductions are becoming the norm, Algonquin has bucked the trend, raising its dividend by 10% following a decent quarter.

Algonquin has some of the most stable businesses you could ask for, with rock-solid water utilities through its operating subsidiary Liberty Utilities. Management recently noted in a recent conference call that the firm was continued to "continue growing in the first quarter of 2020 while navigating through a challenging weather environment," also noting that the firm is "well-positioned" to deal with the COVID-19 impact, which hasn't derailed the firm's impressive growth trajectory.

With ample cash to put to work on high-ROIC growth opportunities, Algonquin is a buy on any market-wide weakness.

The stock sports a well-covered 4.5%-yielding dividend that's probably going to keep on growing, regardless of how long this pandemic drags on.

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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:JWEL (Jamieson Wellness Inc.)

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Author

joefrenette

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