



3 Top Stocks to Buy in the Next Market Crash

Description

A second market crash is not out of the question for 2020. There is still a significant level of risks that could offset a V-shaped recovery on the **TSX Index**.

Any one of these risks could cause the next market crash

First, we are still battling the COVID-19 virus. There is the potential for a resurgence as the world opens up again. Second, the full economic blowout from the virus still remains uncertain. Third, U.S. and China tensions continue to escalate. Lastly, the U.S. election in November could unhinge a wave of uncertainty and cause markets to decline.

Considering these risks, I am still holding some cash on the sideline, sharpening my pencil, and preparing my stock wish list if the markets crash to more attractive valuations. Here are some of my favourite picks.

Shopify: Buy on a major market decline

My first market crash target is **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). The pandemic crisis has significantly accelerated the adoption of Shopify's omni-channel sales platform. With store-front sales suffering during the crisis, many retailers have had no choice but to adopt an omni-channel, all-in-one sales model.

Shopify [recently announced](#) very intriguing partnerships with **Facebook** and **Walmart**. Both of these provide new sales growth avenues: one with a social media giant and another with a consumer-staple behemoth. This could significantly expand Shopify's reach into more public, mainstream sales avenues.

While Shopify seems to be moving forward on all cylinders, it is still one of the most expensive stocks on the TSX. It trades at 50 times price to sales! While another market crash will likely not decline to the same extent as in March, it still might afford a more attractive opportunity to finally get into Shopify.

Descartes Systems: Buy on volatility

The second stock that I would buy if the market crashes again is **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)). Descartes provides technological and network services for the global logistics industry. Trade tensions, virus restrictions, and the rise of e-commerce are all causing supply chains to become increasingly complex. Descartes is set up perfectly to help business with optimizing supply-chain/logistics through its software and networks.

Despite a challenging pandemic environment, Descartes demonstrated strong first-quarter results. It is sitting on a net cash position of US\$46 million. This will help fuel organic and acquisition growth initiatives. Descartes targets annual adjusted EBITDA growth between 10% and 15%.

Descartes is up 18% year to date and is trading with a price-to-earnings and price-to-sales multiples of 65 times and 12 times, respectively. Yet this is a super-high-quality stock, so I would use another market crash or decline to average in.

Enghouse Systems: Buy the dip and hold forever

The last stock that I would buy on the next market crash is **Enghouse Systems** ([TSX:ENGH](#)). Enghouse provides enterprise solutions that focus particularly on remote work, visual computing, customer interactions, and telecommunications networks. Its business is set up perfectly to [prosper in a pandemic](#), work-from-home environment. In fact, it has a commercial-focused video-conferencing software (like **Zoom**) that is gaining strong traction.

In the first quarter, Enghouse saw a huge uptick in revenues, adjusted EBITDA, and free cash flows related to increased demand and a large one-time licence purchase. It just demonstrated that Enghouse's service/product mix is "at the right place and at the right time." Enghouse has a huge net cash balance of \$168 million. If history serves correctly, it will patiently deploy this cash into some long-term accretive acquisitions.

This is a phenomenal company in the post-COVID-19 world. I would take any pullback or market decline to get in for the long run.

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TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:DSG (The Descartes Systems Group Inc)

4. TSX:ENGH (Enghouse Systems Ltd.)
5. TSX:SHOP (Shopify Inc.)

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Author

robbybrown

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