2 COVID-19-Resistant Stocks to Buy Right Now

Description

The coronavirus crisis rages on. Despite reopening efforts, many parts of the world are still experiencing rising case loads. The border between the U.S. and Canada will likely be closed through the remainder of the year, with very limited exceptions. Yet even now, there are COVID-19-resistant stocks worth buying.

Crisis is always difficult, but it often brings opportunity. The key is to have patience, forethought, and a bit of guts.

Consider the financial crisis of 2008. Stock markets around the world fell by 50%. Unemployment levels spiked to historic levels. Several economies were on the brink of collapse. But even then, there were stocks that *rose* in value throughout the turmoil.

Just look at **Fairfax Financial Holdings**. At the start of 2008, shares were priced at $275. By the end of 2009, they were above $400. That's because the company took out massive bets against the U.S. economy, profiting from the madness.

The current environment offers similar opportunities. Two of the best COVID-19-resistant stocks are below.

Bet on this trend

During the last few recessions, a new phenomenon emerged: the trend to thrift. Consumers allocated more of their spending dollars to discount retailers.

This trend makes a lot of sense. Stagnating wages, rising unemployment, high debt levels, and uncertainty about the future combine to make shoppers nervous about their spending habits. Shifting purchases to discount retailers can ease the burden.

The trend to thrift will only accelerate during the pandemic. That's what makes **Dollarama** (TSX:DOL) the perfect COVID-19 stock.

Dollarama is already the largest discount retailer in Canada. It has more than 1,000 stores spread from coast to coast. If you'd bought $5,000 in stock in 2009, you'd have roughly $60,000 today. What's the secret?

Dollarama pioneered the direct-to-consumer model. Instead of purchasing through intermediaries, the company sources almost half of its merchandise directly from manufacturers. This lowers costs and improves inventory quality. It's a permanent pricing advantage — a big plus as consumers look for lower-priced goods.

The best COVID-19-resistant stock?

Constellation Software (TSX:CSU) is possibly the best stock to own during a pandemic. As with Dollarama, the secret lies within the business model itself.

As its name suggests, Constellation is a software company. But it's not just any software. Constellation focuses on niche products that make mission-critical processes possible.

Niche products reduce competition, and conducting mission-critical tasks makes it difficult for customers to end the relationship. In total, Constellation has one of the highest retention rates in the industry. But that's only one reason why this is a great COVID-19-resistant stock.

If you'd bought $5,000 of CSU stock in 2006, you'd have more than $400,000 today! Most of that growth was fueled by acquisitions. If markets remain weak, competing bids will grow scarce. With billions in liquidity, however, Constellation will have no problem continuing to buy, likely at more attractive prices.

All Constellation needs to do is rinse and repeat its proven formula for success. If competition for acquisitions falls, it will only become easier for the company to do so. This COVID-19-resistant stock can handle whatever the future brings, even another recession.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:DOL (Dollarama Inc.)

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