U.S. Unemployment 5 Times Worse Than Pre-COVID-19 Levels: How to Invest Your Money

Description

Canada exported US$446.5 billion worth of goods in 2019. Last year, more than 75% of Canada's exported goods went to the United States. Because the U.S. is Canada's largest trading partner, a weak U.S. economy is also detrimental to Canada's economy.

Unfortunately, the COVID-19 situation is dire south of the border. The country reported the 17th consecutive week of jobless claims that surpassed one million — five times that of pre-pandemic levels.

That article also noted that according to **Bank of America**, "Infections are now climbing in 40 states, and 22 states have either paused or reversed efforts to reopen their economies."

It's the survival of the fittest for restaurants and retailers alike. The use of technology to increase sales has never been as vital. For restaurants, it could mean using delivery services like DoorDash and Uber Eats as a part of their overall strategy.

Investors can grow their money by investing in businesses that are resilient or, better yet, not impacted by COVID-19 disruptions.

Here are some solid stocks for your consideration.

Utility stocks

Investors should look into holding utility stocks as a key component of their diversified portfolios. For example, **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) provides essential natural gas, water, and electricity generation, transmission and distribution utility services to more than 800,000 connections in North America, primarily in the U.S. These are rate-regulated utilities that generate predictable returns.

Additionally, Algonquin has more than 50 wind, solar, thermal, and hydro power facilities. This renewable and clean energy portfolio generates stable cash flow, as it is roughly 93% underpinned by long-term contracts with inflation escalations.

The utility reported flat adjusted earnings of US$0.19 per share in Q1 versus Q1 2019. This resulted in a payout ratio of 74% for the quarter. Subsequently, in Q2, Algonquin increased its quarterly dividend by 10%, which marks its 10th consecutive year of dividend growth.

The reasonably valued stock provides a yield of about 4.5%. It can increase its dividend by about 6% per year going forward.

Technology stocks

Another way to sidestep COVID-19 disruptions is by investing in technology stocks. For instance, **Enghouse Systems** (TSX:ENGH) has been growing at a magnificent rate amid the pandemic.

Year to date, it increased revenue by more than 43% to $251.6 million, while its adjusted EBITDA climbed 58% to $84.6 million. Similarly, its operating cash flow rose by 52% to $85.2 million.

Enghouse also increased its cash position by a comfortable 12% to $168.1 million, even after spending $48.2 million on acquisitions and paying out $12.1 million of dividends.

The enterprise software company has done very well with its M&A strategy. Since 2010, Enghouse stock has delivered total returns of more than 31% per year!

Its five-year return on equity is more than 17%, while its trailing 12-month return on equity was even more impressive at north of 19%.

Moreover, the growth stock has increased its dividend for 13 consecutive years. Its five-year dividend-growth rate is over 17%.

The only thing that might hold investors back from buying shares today would be its rich valuation, trading at about 45 times forward earnings. As such, it would be prudent for interested investors to build a position on meaningful pullbacks.

The Foolish takeaway

If you’ve got some spare cash, consider investing your money into solid utility and tech stocks.

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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)

2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:ENGH (Enghouse Systems Ltd.)

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