2 Under-$20 Stocks I'm Buying Before the Stock Market Crashes Again

Description

Stock markets across the globe have remarkably recovered their lost ground after bottoming out in March. Similar to its peers, the Canadian stock market also rebounded strongly with the S&P/TSX 60 Index reflecting a decline of only about 3.7% year to date. While the COVID-19 stimulus packages and optimism over the reopening of the economy primarily drove the equity markets up, weak economic data, rising infections, and a high unemployment rate suggest the stock markets could crash again.

The sharp recovery helped a lot of investors to make money, but now it is time to book your profits and invest them in stocks that offer safety as well as growth. Here are two such top TSX stocks that are trading under $20 and offer both safety and growth.

What's better than gold?

Gold tops the list of investments when it comes to safety and growth. The shiny yellow metal hasn't disappointed either and has generated stellar returns this year. However, instead of buying physical gold, I would prefer investing in stocks of the companies producing gold.

One such top company is **Kinross Gold** (TSX:K)(NYSE:KGC). Its stock has more than doubled so far this year. Moreover, it has increased by over 400% in five years. Higher production and increase in realized prices helped boost its sales and earnings and, in turn, its stock.

The fear of recession and the second wave of the virus is driving gold prices higher, which is likely to support Kinross Gold stock. Meanwhile, its high production and throughput rates further support growth.

Three of its lowest-cost mines deliver the majority of its total production, which adds a strong cushion to its margins. Kinross Gold's attributable margins jumped 53% year over year in the most recent quarter, thanks to the higher average realized gold price and higher production from the low-cost mines (three of its low-cost mines accounted for 63% of the total production in Q2).

Management expects production to increase at its Tasiast mine in the second half of 2020, which is encouraging and should support its top and bottom line in the coming quarters. With higher average price realization, increased production from low-cost mines, and lower net-debt-to-EBITDA, Kinross Gold remains the top stock to park your money before the stock market crashes again.

Relying on a top utility stock

As uncertainty looms large, it's prudent to invest in utility companies to generate steady dividend income, while protecting the downside. I would suggest investing in the shares of **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) for its juicy and safe yields.

Its rate-regulated utility assets generate predictable cash flows. Meanwhile, the renewables business is backed by long-term contracts that are indexed for inflation. While investors benefit from its high 4.7% annual yield, its focus on growth measures could lead to capital appreciation in the long run.

Its expansion of global pipeline of renewable energy and electric transmission, sustained momentum in the rate-regulated generation, distribution and transmission businesses, and strategic acquisitions provide a strong underpinning for growth.

Bottom line

These under-$20 TSX stocks have recession-proof businesses that could continue to outperform the broader markets. Any economic downturn is unlikely to have much of an impact on their stocks, and they will add stability to your portfolio.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

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3. TSX:AQN (Algonquin Power & Utilities Corp.)
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