3 Stocks I Would Invest $10,000 in BEFORE the Next Market Crash

Description

Another stock market crash cannot be ruled out. After the brief market crash in March, some stocks have fully recovered their value, while others have grown even larger. Technology and healthcare stocks seem to be riding a wave of investor enthusiasm to all-time highs.

However, these inflated valuations have made me nervous. I cannot predict another stock market crash in the near future, but I'm trying to prepare for one the best I can. Here are my top three picks for stocks that could help preserve wealth in the next crisis.

Barrick Gold

The world's second-largest gold miner acts as a proxy for the shiny precious metal. For every uptick in the price of gold, **Barrick Gold's** (TSX:ABX)(NYSE:GOLD) stock surges even higher.

Year to date, Barrick Gold's stock is up 62.8%. Meanwhile, the price of an ounce of gold is up 26.6% over the same period. Despite this surge, the stock is still relatively fairly valued. It's trading at an attractive price-to-earnings (P/E) ratio of 16 and a price-to-book (P/B) ratio of 3.2.

In the event of a stock market crash, I expect Barrick Gold stock to serve as a safe haven. Investors tend to buy gold and gold miners when everything else is declining. Fortunately, I'm not alone in this bet. Hedge fund titans Ray Dalio, Paul Singer, David Einhorn, and Crispin Odey are all long on gold as well.

Dollarama

This crisis has made it clear that some businesses are simply too essential to shut down. Consumers need access to grocery stores and convenience outlets regardless of the state of the economy.

Dollarama (TSX:DOL) serves as a prime example. While the stock is up only 8.7% year to date, its underlying business is firing on all cylinders. The company reported $844.8 million in sales for the most recent quarter. That's 16.8 million higher than the same period last year and $5 million higher than analysts had expected.

The stock is still trading at a P/E ratio of 28. That seems underpriced to me, considering Dollarama's robust business model and its stunning room for expansion overseas. This stock could weather any storm, and that's why it deserves a spot on your portfolio before the next stock market crash.

Hydro One

Hydro One (TSX:H) is even more lucrative and robust than Dollarama. The stock provides a 3.6% dividend yield and is currently trading at a P/E ratio of 20.

Year to date, the stock is up 14%. That's because no one cut back on electric services during the lockdown. In fact, residential use of electricity was substantially higher, as everyone remained confined to their homes. In fact, Hydro One's stock has such a low correlation to the rest of the stock market and such a robust track record, that my Fool colleague Joey Frenette considers the stock a bond alternative for investors. That's why this is on my watch list before the stock market crash.

Honestly, a rock-solid utility should always be part of your portfolio. These essential utilities act as shock absorbers for the rest of your holdings when the market gets jittery. Hydro One is probably a top-notch option if you're seeking a wealth shield.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)
3. TSX:DOL (Dollarama Inc.)
4. TSX:H (Hydro One Limited)

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