



Stock Market Crash 2.0: Top 3 Suggestions to Maximize Gains and Reduce Risk

Description

The robust recovery in stock markets following its crash in March despite any strong fundamentals indicates that the rally might not hold for long. Besides, a sustained increase in coronavirus cases and weak economic data further strengthen the bear case.

So if you're worried about a second market crash and want to reduce risk without sacrificing much on the growth, here are my top three suggestions.

Bet on a gold stock

As the fear of another stock market crash looms large, investing in the shares of gold producing companies seems to be a smarter move. The prices of physical gold continue to scale fresh high as the unknown impact of the coronavirus on the economy, low-interest rates, and rising infections are driving investors to squeeze higher yields from this safe-haven asset.

With the uptrend in the prices of physical gold, investors should bet on **Kinross Gold** ([TSX:K](#))([NYSE:KGC](#)) stock to outperform the broader markets while reducing risk in their portfolio. Kinross Gold stock is likely to [outgrow peers thanks to its ability to produce higher gold](#) from low-cost mines. Meanwhile, it trades at a lower forward price-to-cash flow ratio.

Kinross Gold's fundamentals remain intact, and with higher average realized gold prices, it is likely to post robust sales and earnings in 2020 and beyond. Three of its largest gold producing mines are delivering the lowest costs, which is encouraging and should help increase its margins at a higher rate than [realized prices](#).

A dollar store operator

Dollarama ([TSX:DOL](#)) is a top consumer stock to bet on before the market crashes again. The dollar store operator appeals to all the demographics, thanks to its value offerings. Dollarama's broad assortments of everyday goods at low and fixed price points and extensive store base make it a

preferred shopping destination.

Dollarama's defensive business and low beta (five-year monthly) of 0.8 suggest that large market swings are not likely to impact its stock much. Besides, sustained demand for its everyday products should add stability to your portfolio.

Dollarama's comparable sales should continue to increase at a healthy pace, driven by growth in traffic and an increase in retail footprint. Meanwhile, its low-cost operating model and favourable product mix should support its earnings. Investors should accumulate Dollarama stock to ride out volatility and reduce downside risk.

Utility stock for growth and income

Utility stocks should do well amid a stock market crash. The companies in the utility sector benefit from their rate-regulated business even amid an economic slowdown. Moreover, investors can expect steady dividend yields that will keep growing over time.

One such top utility stock is **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)). Its diversified utility assets and strong renewable power business should cushion its bottom-line, support its cash flows, and cover its payouts.

Investors should note that Algonquin Power & Utilities has consistently outperformed the broader markets over the past several years, thanks to its long-term, inflation-indexed contractual arrangements. Besides, its dividend yield of 4.7% remains high as well as pretty safe.

Bottom line

Investors should note that these TSX stocks should protect the downside amid a stock market crash. Moreover, their recession-resilient business and strong cash flows should continue to fuel growth and cover payouts.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:KGC (Kinross Gold Corporation)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:DOL (Dollarama Inc.)
5. TSX:K (Kinross Gold Corporation)

PARTNER-FEEDS

1. Business Insider

2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

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

Date

2025/08/28

Date Created

2020/08/10

Author

snahata

default watermark

default watermark