COVID Crisis: 2 TSX Stocks to Buy for the “New Normal”

Description

The COVID-19 crisis is nothing short of unprecedented. Companies that have demonstrated resilience amid the pandemic have been rewarded with tremendous upside and some amount of multiple expansion. And the companies that have taken hits of varying degrees from COVID-19 have seen their stocks be punished.

Such COVID-hit stocks could easily correct to the upside once a vaccine breakthrough happens, but until then, they’re likely to remain in the doghouse, as investors brace themselves for the new normal. If you’re one of many who was blindsided by the COVID-19 crisis, now is as good a time as any to re-balance your portfolio to manage COVID-related risks if you’ve yet to do so.

Consider shares of **Goodfood Market** (TSX:FOOD) and **Docebo** (TSX:DCBO), two TSX stocks that have been faring well amid the COVID crisis and will likely continue doing so should this pandemic drag on for longer than expected.

Goodfood Market: The intersection between grocery and tech

Canadian meal-kit delivery sensation Goodfood Market is one of the few firms that have been experiencing record amounts of business amid the pandemic.

The company, which has been doing its part to get necessities to Canadians, recently clocked in a quarterly profit for the first time in its history, and the longer this pandemic drags on, the better the intermediate-term growth prospects for the online grocery firm, as subscribers look to fill up their digital baskets to reduce the number of trips to the crowded local grocery store.

As I’ve mentioned in prior pieces, the post-pandemic potential for churn is a major concern. Still, given the stock trades at modest valuations (1.8 times sales at the time of writing), I’d say the price of admission remains attractive for risk-averse investors given the risk of a post-pandemic correction driven by mass amounts of subscribers hitting the pause button. If your portfolio is full of COVID-hit stocks, Goodfood is a wonderful low-cost hedge against a worsening of COVID.

Docebo: Unprecedented growth momentum

Docebo is a little-known AI-leveraging cloud stock that's seen a surge in demand for its learning management system platform amid the learn- and work-from-home (WFH) shift sparked by COVID. Even if we're not due for a second wave, the longer this "new normal" environment persists, the greater the need will be for e-learning solutions like those offered by Docebo.

For many, working from home can be a real pain in the neck if their employer hasn't invested in the proper digital infrastructure. Amid the pandemic, Docebo and many other software companies are benefiting from the continued WFH shift are in a position to continue experiencing increased demand for its services, as more firms commit to giving their employees the option to work from home through 2021 and beyond.

At the time of writing, DCBO stock is anything but cheap after having seen its shares more than quadruple since the bottom in March. Shares trade at over 21 times sales, and while I'd be reluctant to recommend a stock after such a sudden surge, I think investors lacking COVID hedges could continue to do well with the name despite its lofty valuation.

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TICKERS GLOBAL

1. TSX:DCBO (Docebo Inc.)
2. TSX:FOOD (Goodfood Market)

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