COVID-19: 3 Stocks to Buy to Prepare for a Possible Second Wave

Description

Many regions of the world are confronting second waves of COVID-19 infections. Canada has done a relatively good job at keeping infection numbers low as the economy re-opens. However, a second wave of infections remains possible in Canada. Here are three stocks to buy if you are worried about a second wave of infections and a possible second shutdown of the economy.

Hydro One

Hydro One (TSX:H) is the largest electricity transmission and distribution service provider in Ontario. The company was previously 100% owned by the Government of Ontario. In 2015, the Government of Ontario offered just over 80 million shares of Hydro One to the public. This commenced Hydro One's journey as a publicly traded company.

Electricity transmission and distribution is an inherently stable business. Electricity is a fundamental need of modern life. Even during the economic shutdown that began in March, individuals and businesses were still using power. Thus, the business model of Hydro One is one that should make nervous investors slightly less worried about the prospect of a potential second shutdown.

Hydro One recently raised the dividend 5%. The company announced the increase in May. This means that Hydro One was able to continue raising the dividend even after the carnage that occurred in the markets in March and April. This indicates that Hydro One can continue to reward shareholders, even in uncertain times.

Telus

Telus (TSX:T)(NYSE:TU) is the best positioned telecom company for a potential second wave of infections. Primarily, this is because Telus does not own significant sport and sport media assets, like **BCE** and **Rogers** do. Sports and sports media were hard-hit during the economic shutdown.Therefore, Telus is better able to ride out a second wave of infections, especially if professional sportsmust cease operations once again.

Furthermore, Telus owns Telus Health. Telus Health is a healthcare IT solutions company that Telus bought back in 2007. This venture stands to benefit if there is a second economic shutdown. If people become reluctant to leave their homes again, Telus Health offers healthcare providers solutions to reach patients and provide some services remotely.

Telus currently pays a $0.2915 quarterly dividend per share. Telus did not increase the dividend in Q2 this year, as the company normally does. However, given the uncertainty in the markets, this is not terribly concerning.

Kinross Gold

Kinross Gold (TSX:K)(NYSE:KGC) is a senior gold mining company that has been around since 1993. Kinross is one of the more well-known Canadian gold mining companies.

Gold has been on an absolute tear this year and has set a new all-time high. Furthermore, gold tends to perform well in times of economic uncertainty. Therefore, a second wave of COVID-19 infections should send gold prices higher due to the rise in the amount of uncertainty in the economy.

A rising gold price will significantly benefit Kinross. Kinross has all-in sustaining costs of approximately $1,000 per ounce of gold. This means that it costs Kinross $1,000 per ounce to mine gold (including administrative and other non-mining expenses).

With gold at current prices, this allows Kinross to make a healthy profit margin. Kinross was able to keep most mines open throughout March and April. This bodes well for the company in the event that there is a second economic shutdown, as this indicates that the company may be able to continue operations, despite most consumer-facing businesses being closed.

Takeaway

Nobody can tell if there will be a full-blown second wave of COVID-19 infections in Canada. However, if you want to protect your portfolio against the prospect of another economic shutdown, these three stocks are great places to start.

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