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The 25 best shares and funds to invest in during the new Covid-19 lockdown

The City's experts say where they are investing as we head into the next coronavirus crisis

As London hits Tier 2 lockdown conditions and the rest of the UK and Europe takes ever more extreme measures against coronavirus, markets have been extremely volatile.

The FTSE-100 closed down nearly 2% yesterday as London's new restrictions were announced, with airlines, oil companies and leisure groups hit hardest amid fears of another collapse in demand.

Shares rallied today, but the market remains 6% down on its levels in August.

For investors, the question is whether these falls represent longer term buying opportunities – assuming the pandemic will be over at some stage - or whether it means fleeing to only the safest havens.

Picking individual stocks is particularly risky as you expose yourself to the whims of one organisation's situation – internal or external.

So I, and a selection of investment professionals, chose a mixture of 25 individual shares and funds made up of various investments to invest in as we head into the second wave of lockdowns.

The picks we arrived at are:

1. RIT Capital Partners
2. Invesco Physical Gold ETC
3. Personal Assets Investment Trust
4. Janus Henderson UK Absolute Return
5. Evenlode Global Income
6. iShares Core MSCI Japan IMI ETF
7. Lyxor MSCI China ETF
8. HSBC MSCI World ETF
9. SPDR Bloomberg Barclays Global Aggregate Bond ETF
10. IShares Global Corporate Bond ETF
11. Fidelity Global Income
12. L&G International Index Trust
13. L&G Future World ESG Developed Index
14. Troy Trojan

15. Pyrford Global Total Return
16. Amazon
17. Asos
18. Dunelm
19. Domino's Pizza
20. BB Healthcare
21. Supermarket Income REIT
22. Sequoia Economic Infrastructure
23. Phoenix
24. M&G
25. Tesco

To my mind, as we go into our second major lockdown, the boat has well and truly sailed for most specific stocks based around home shopping, furnishings and DIY. Their shares have already surged and there are few bargains to be had.

So, surely it's safer when the going gets this tough to focus on safe haven, well capitalised stocks where dividend yields are high and well covered by revenues.

The insurance and pensions sector has been battered by poor investment returns, and there is a risk that share prices could fall from here, but I still feel tempted by the high dividends on offer.

M&G, the old UK fund management arm of the Prudential pays a dividend yield currently running at 10.77%. Reliable and solid, with potential growth selling its PruFund with-profits style products in Europe and new investment mandates in Asia, M&G seems a potential winner.

Phoenix is another big divi daddy. The company buys up closed books of life insurance policies from insurance companies, puts them together and runs them more efficiently thanks to economies of scale. It generates huge amounts of reliable cash but its share price doesn't recognise that. Currently yielding around 7%, it look a steal considering its dividends are covered several times over by its steady cash generation.

Emma Wall, head of investment analysis, Hargreaves Lansdown:

With the UK entering yet more economic uncertainty, backing businesses with strong balance sheets and global revenues is a sensible choice.

Fidelity Global Income fund manager Daniel Roberts doesn't chase higher, unsustainable dividends but instead looks for companies that are easy to understand, good quality and are financial robust so less likely to cut the income stream.

L&G International Index Trust may be for you if you're after growth rather than income, It's a diversified equity passive fund.

L&G Future World ESG Developed Index's tracker fund is a good alternative if you like to do good while making money.

For investors who are more cautious about the outlook for stock markets – and with good reason; coronavirus, Brexit and the upcoming US election loom – a mixed-asset fund hedges your bets.

Troy Trojan and Pyrford Global Total Return invest in stocks, bonds, cash and gold, with the fund managers prioritising capital preservation over out and out growth. Of the two, Pyrford is the more cautiously positioned.

Laith Khalaf, financial analyst, AJ Bell

RIT Capital Partners has delivered a total return of 12% per annum for shareholders since listing on the stock exchange in 1988. The trust has a flexible go-anywhere mandate, investing in shares, funds, bonds, gold, and currencies as the managers see fit but its philosophy is slow and steady wins the race. The trust has participated in 73% of market rises, and only 38% of market falls. Keep doing that long enough and you're onto a winner.

Invesco Physical Gold ETC is a decent pick if you take the view that, when the economic picture deteriorates, gold tends to shine. It tracks the price of gold and is backed by the actual physical metal, rather than some derivative-based products. At $1900 dollar an ounce, gold's about as expensive as it's ever been, but it's fallen back from over $2000 earlier this year. More global economic strain and monetary stimulus would apply upward pressure though. Gold shouldn't be held in large quantities by investors; it's an insurance policy against disaster, no more than 5-10% of a long term portfolio is advisable.

Personal Assets Investment Trust, which is run by Troy's Sebastian Lyon, is an investment to consider when recession-proofing your portfolio. The £1.3bn trust invests in a range of assets including high-quality companies, for example Microsoft, Nestlé and Unilever, short-dated government bonds, cash and gold. It currently has about a 10% of the portfolio in cash, a third of the fund in index-linked bonds and 10% in gold, meaning it is positioned defensively. Mr Lyon focuses on avoiding loss of capital, as well as giving an instantly diversified portfolio in just one holding. In the first three months of the year the trust lost 3.3%, while markets fell by far larger amounts.

Janus Henderson UK Absolute Return is another option. While many absolute return funds have got a bad reputation for not performing when the chips are down as they're supposed to, this £1.37bn fund has held up well in recent market volatility and protected against losses. Since the start of the year it has gained 2%, when markets have performed a lot worse. The fund aims to deliver a return above zero, typically over a 12-month period, and to do so managers Ben Wallace and Luke Newman have the ability to have a significant amount in cash, to protect against stock market falls, and to 'short' stocks to help when markets are falling. However, the compromise here is that it charges a performance fee of 20% and its annual costs are pricey, with an ongoing charges figure (OCF) of 1.05%.

Evenlode Global Income invests in global stocks, but only in companies which demonstrate high profitability and low levels of debt. Companies like Unilever and Reckitt Benckiser feature in the fund's top ten holdings; since the financial crisis the price of these companies has been bid up as traditional safe haven as investors have shifted out of bonds because of low interest rates, into their large companies which are viewed as reliable performers, even earning the name, 'bond proxies'. The fund invests around 40 large companies around the globe, offering some diversification between different countries and markets. Fund managers Ben Peters and Chris Elliott are also long-term holders of companies, meaning the portfolio has low turnover."

Alan Miller, SCM Private

Miller takes the view that exchange traded funds (ETFs)are superior to traditional funds or individual shares.

ETFs are baskets of securities that you can buy or sell through a broker over a stock exchange. You can buy them to get exposure to practically any type of investment, from metals to shares to bonds. Often they will track an index of assets, such as the US S&P Index, giving you a wide exposure.

Miller says he prefers them to traditional funds because they are cheap and easy to buy and sell and you can trade foreign securities such as the US Nasdaq tech exchange during London trading hours if you have a Nasdaq ETF on the London exchange.

He says: “Investing for lockdowns depends on so many different unknown factors. Which regions or countries will have the most extreme curbs? How long will it last? What will be the economic effects?

“You may want to look at the regions with the lowest deaths per million from coronavirus as a guide. Currently, they tend to be in Australasia, Japan, China and the Far East, and Africa.

“However, given the inter-connection of the world economy, it is not as simple as it first seems: China may have control of the outbreak better than most countries but many of its companies will be supplying export markets, such as the US and Europe, where demand will be naturally impacted in any lockdown.

“If you want to reduce this lockdown uncertainty, the best answer is diversification in terms of types and geography of shares.

“If you are very pessimistic about the likely time to come out from any lockdown and the severity of such lockdown on most companies around the world, you might be better to select a bond ETF rather than an equities ETF.

“The markets tend to go through emotional peaks and troughs and with coronavirus related hopes and expectations being very volatile.

“Currently, expectations are set low and most investors are not expecting an early cure or vaccine, particularly as many of the leading vaccine trials have been suspended (maybe temporarily).

“Herein lies an opportunity, as any semblance of good news would probably lead to an almost instant surge in world markets.

Here are Miller’s top 5 tips:

iShares Core MSCI Japan IMI ETF charges just 0.15% per annum and invests in 1,296 different mid and large cap Japanese shares: Toyota, SoftBank, Sony, Nintendo etc

Lyxor MSCI China ETF charges just 0.29% p.a. and invests in 712 different Chinese stocks e.g. Alibaba, Tencent, Ping An Insurance etc.

HSBC MSCI World ETF charges just 0.15% p.a. and invests in 1,405 stocks around the world including Apple, Microsoft and Amazon. 65% is invested in the US, followed by 8% in Japan and 4% in the UK.

SPDR Bloomberg Barclays Global Aggregate Bond ETF charges just 0.1% pa and invests in 4,824 investment grade bonds of which 59% are government bonds and 41% non-government bonds. The current yield of the bond’s averages 0.89% pa.

IShares Global Corporate Bond ETF invests in 9,991 corporate bonds around the world (56% is invested in the US). It charges 0.2% pa and the average yield of the corporate bonds held is 1.54% pa.

Simon King, chief investment officer, wealth manager Vermeer Partners

On individual shares, King advises plumping for the same ones that benefited from the first lockdown. That is: tech, healthcare and specialist retail.

Amazon: "Anything that can be done from home will benefit, and possibly more so since this time the days will be shorter, the nights longer and the weather less clement. Amazon is bound to get a leg up as the winter months creep in."

Asos, Dunelm and Domino's Pizza: "Anything with a substantial online presence and essential status, from clothing to homewares, to food delivery will prosper."

Tesco:"food retailers will be strong and their share prices have not performed."

Vermeer also strong convictions on several investment trusts:

BB Healthcare is an actively managed portfolio managed by an experienced team in the healthcare, pharmaceutical and medical technology sectors. These are areas that are expected to continue to benefit as the pandemic takes force. They do not believe that a possible Biden victory in the US would be as damaging to the sector as first thought.

Supermarket Income REIT is a closed-ended fund that owns some of the large, out of town supermarket properties that are leased to leading UK operators such as Sainsbury and Tesco. The former CEO of Sainsbury sits on the board. Given the strong demand for supermarket goods during lockdown the assets have traded very well and offer a robust, RPI-linked rent guaranteed by leading UK supermarket firms during a time when many other commercial property assets such as retail, hospitality and leisure, have seen their rents suffer.

Sequoia Economic Infrastructure is managed by a specialist US team who invest in the debt, as opposed to equity, in large global infrastructure projects such as wireless cell towers and UK healthcare facilities. The income generated from the loans offers an attractive return relative to more liquid government and corporate bonds and investors are cushioned by investing in the debt rather than the equity. Some of the assets, such as ferry operators and motorway services, could potentially be marked down by another lockdown; but we are confident that is a portfolio managed by a highly specialised team who manage a diversified fund with low loan to value and high levels of cash providing some comfort should any of the loans turn sour.