

## 3 Easy Ways for Investors to Deal With Crazy Markets

### Description

It's been a nasty three months for investors.

Since the end of June, the **TSX Composite Index** has fallen just about exactly 10%, hitting a fresh new low at right around 13,000. Since the index hit its peak in mid-April, the loss is even greater, falling more than 15%.

We're firmly entrenched in the correction that all the pundits warned us about.

Not only that, but it seems like each day is getting worse. Former high-flying growth darlings are the latest victims. **Valeant Pharmaceuticals** has been especially weak lately, crashing more than 30% as investors start to get concerned about potential fallout from high drug prices.

With seemingly nowhere left to hide, this can be a trying time. Here are three tips investors can use to avoid panicking in today's weak market.

### Take a deep breath

We live in a world where just about every bit of information is accessible with just a few taps on a keyboard. If you're naturally curious, there's no better time to be alive.

For investors, there's a serious downfall to seeing that much information, especially in times like these.

As much as investors talk about things like focusing on the long term and just paying attention to the dividends, the fact is that even the strongest of us still look at a stock that's down 30%, 40%, or even 50% and wonder if the market has figured out something we haven't. That's human nature.

The solution is simple—don't check your stocks every day, no matter how much you might be tempted. Instead, do anything else. Take a walk. Play with your kids. Do whatever it takes to get your mind off potentially selling at the bottom.

### Get some cash

Buying during corrections is what separates good portfolio returns from great ones. I don't know when the stock market will recover, but I do know it'll head higher eventually.

In the meantime, it's time to raise some cash in order to buy bargain-priced stocks. You could do this in any number of ways, from setting more aggressive savings goals to finally selling some winners.

Or, if you own a rental property, consider selling it to raise cash. There's a very easy argument to be made that stocks are getting cheap. In most of Canada's large cities, there's no argument that can justify the anemic cap rates many landlords are getting.

## Buy quality stocks

Instead of getting excited about the correction, focus your energy on researching new entrants to your portfolio. You don't want to be the person with regret about missing out when the next bull market comes.

One beaten-up stock I like is **Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)). Shares are trading at a 52-week low, which has pushed the dividend yield up to a mouth-watering 4.6%. Shares trade at just 15.9 times earnings, with the expectation that profits will grow about 5% in 2016.

Many investors are worried Shaw is about to lose a bunch of television subscribers. But the company is easily able to raise prices to new customers, and it's still experiencing nice growth in Internet subscribers, which partially offsets TV's decline.

Another sector that is offering compelling value is real estate. Investors are worried an increase in U.S. interest rates will cause the cost of borrowing to jump, hurting REIT profits.

I'm not sure the future is quite so dire, so I'm looking closely at buying **H&R Real Estate Investment Trust** ([TSX:HR.UN](#)). The company has a great mix of office, retail, and industrial properties, including significant exposure to the U.S. market.

Shares are cheap on a number of metrics. The company has a book value of over \$24 per share, while shares languish at the \$20 level. Over the last 12 months, the company has earned \$1.90 per share in funds from operations, putting shares at just barely above 10 times earnings. That's quite attractive.

The market is worried about the company's exposure to Alberta, which isn't a big deal. A big chunk of income from the province is coming from a lease to **Encana**, which doesn't expire until 2038. As long as Encana is around, there shouldn't be much risk from Alberta.

Most importantly, the stock yields an eye-popping 6.7%.

## CATEGORY

1. Dividend Stocks
2. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:HR.UN (H&R Real Estate Investment Trust)
3. TSX:SJR.B (Shaw Communications)

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