3 Smart Moves to Make in a 2020 Stock Market Crash

Description

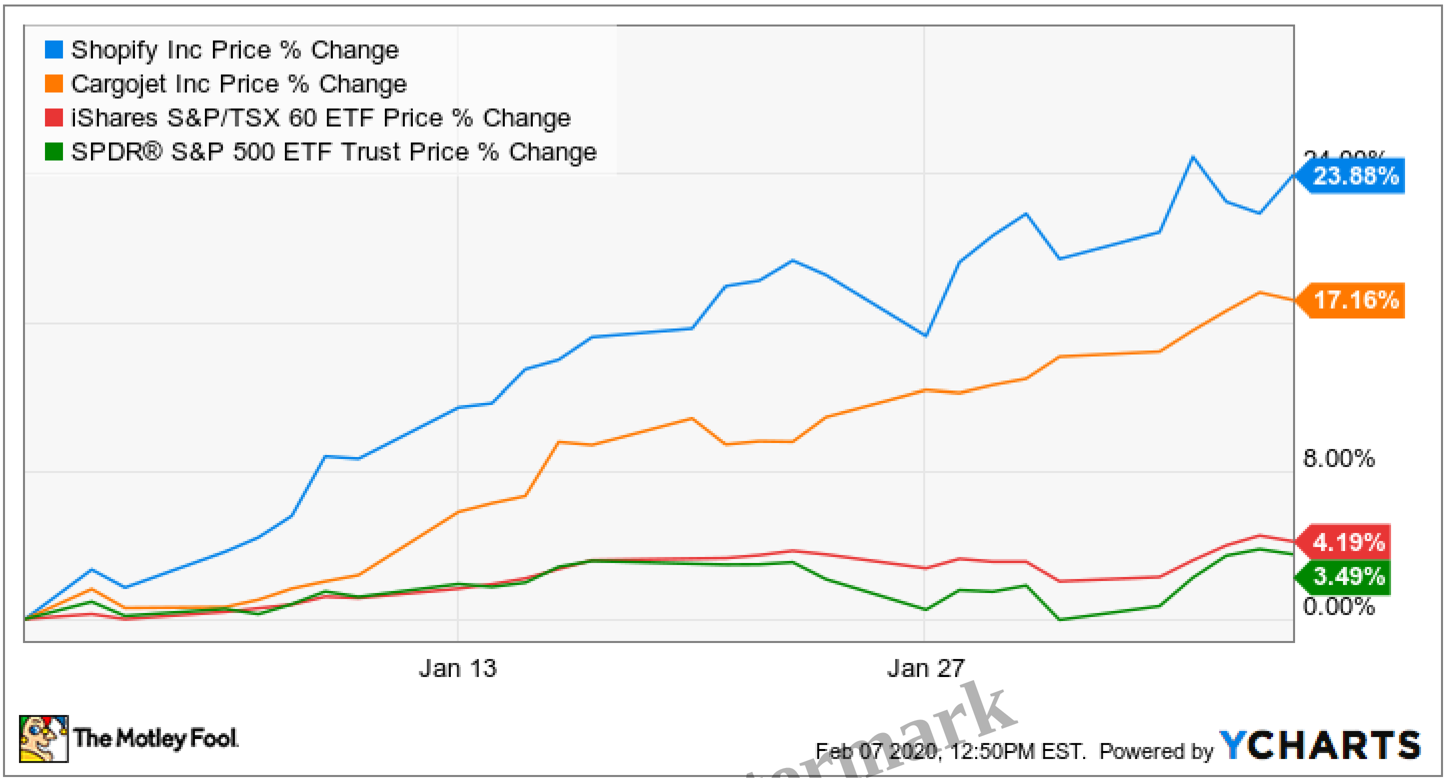
The stock market has been in an uptrend for almost 11 years. Historically, there'd be a stock market crash every 10 years or so.

You need to be ready before the next stock market crash. Here are three smart moves you can make if the bear attacks the stock market in 2020.

Buy growth stocks

You may have felt that many great growth stocks, like **Cargojet** and **Shopify** (TSX:SHOP)(NYSE:SHOP) were too expensive to buy in a normal market. A 2020 stock market crash would be the perfect opportunity to load them up to become a millionaire (or get much closer to being one).

Even in a normal market, these stocks have done very well and simply outperform. Here's the year-to-date comparison of the growth stocks against the U.S. and Canadian stock markets.



Shopify stock's initial public offering price in 2015 was US$17 per share, but it began trading on the stock market at US$28. From US$28, it has climbed to US$480 for a 17-bagger.

Shopify is still firing on all cylinders. It last announced it is powering more than one million merchants. This number will keep growing, as the innovative company's sole purpose is to make it easier for entrepreneurs to build their businesses.

On top of making strategic acquisitions like 6 River Systems in October, Shopify has also been spending substantial amounts on research and development (R&D) to keep the company ahead of the curve as a unique multi-channel e-commerce platform. From 2015 to the first nine months of this year, Shopify's R&D spending has increased from 18.4% to 23.5% of revenue.

Look out for Shopify's Q4 2019 financial results, which it will be reporting next week.

Make a list of the greatest growth stocks now and be ready to pounce on them when the bear attacks.

Buy dividend stocks

We need to use money every day. So, it's super convenient to have a portfolio of quality dividend stocks churning out passive income, especially when you want to hold on to all your shares from dividend *and* growth stocks to share their future profits as a part-owner of the marvelous businesses.

During a market crash, pretty much all stocks fall. What's incredible for dividend stocks is that the lower they fall, the higher their yields become. What a wonderful opportunity it was to scoop up **Royal Bank** stock when it yielded more than 6% in the last stock market crash.

The top Canadian bank's dividend has more than doubled by now. So, long-term investors that bought during the crash could be sitting on a whopping yield on cost of more than 13% today!

The same concept can be applied to other quality dividend stocks as well. So, remember to allocate some money to buy dividend stocks like Royal Bank, **Fortis**, **TELUS**, and **Enbridge** during the next crash.

Don't sell any stocks

You buy stocks because they're worth more than what you pay. Therefore, you must stay calm and be disciplined to hold on to all your stocks during a bear market that might (to your horror) cut your portfolio value in half.

Be rest assured that it would be a temporary state if you bought the right stocks.

Recognize that selling stocks during a bear attack would be detrimental to your portfolio wealth and your financial health.

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