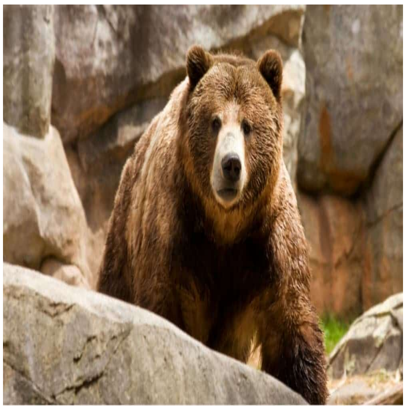

How to Get Greedy and Beat the Bear Market With TSX Stocks

Description

The contrarian takeaway this week as the coronavirus – now known officially as COVID-19 – continues to spread beyond its origin point in China is that value opportunities abound.

However, with notable epidemics developing in Italy, South Korea, and Iran, value investors and market contrarians have a choice: Buy now or wait for a deepening sell-off?

With a pandemic yet to be announced at the time of writing, investors could have an upcoming potential watershed moment at which to double down on a deepening weakness of the market – and even a full-blown recession.

But until then, the thesis is clear: Bulls can either snap up shares as the market continues to get battered by headwinds or wait for the pain to worsen.

It's not just current public assets that are suffering, however. Around the world, IPOs are being postponed as the spread of the virus plays out.

With the **TSX** down and the **Dow** falling 1,000 points Monday (one of the sharpest plunges it's ever taken and marking a two-year low point), it's time to break out the contrarian "black swan" play book.

Value opportunities are everywhere

Investing during times of high uncertainty is actually fairly prosaic: Investors should take an inventory of what they hold, decide what to hang on to throughout a potentially drawn-out correction, trim overvalued assets, and keep cash on hand in order to snap up heavily discounted quality stocks.

While value opportunities abound, some are stronger long-term plays than others. If the coronavirus situation worsens, those stocks on your wish list will depreciate further. Therefore, if there's something you see, buy some shares, but keep some cash handy to double down if the markets worsen.

However, there's a clear opportunity for contrarians to forget fear and get greedy with devalued stocks that can beat a bear market. Gold stocks, consumer staples, insurance, and green energy are all solid buys at the moment. Real estate and banks should be in the wait-and-see pile, though some of the best residential REITs are worth a second look.

While a few of the Big Five lenders are likely to survive a recession with bailout safety nets, there are sturdier plays for long-term dividends, with food, gold, and diversified utilities being among the most secure.

Don’t ignore retailers, either. Stocks like **Canadian Tire** are a strong play for larger purchases that can only be picked up onsite. With its strong online presence, the iconic Canadian multiline retailer taps a trend in online shopping – something that will likely only continue as the coronavirus scare plays out. With its own REIT, fuel sales, and even a financial segment, Canadian Tire is surprisingly diversified.

The bottom line

Whether for a TFSA, RRSP, or other long-term savings plan, stock investors should be gearing up for a protracted downturn in 2020, though some reliably durable companies are on sale and worth investing in at the moment. Stocks like Canadian Tire provide shareholders with steady returns and exhibit enough quality indicators to back up a “buy” signal.

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