Millennials: Here Is How a Stock Market Crash Can Make You Rich

Description

In the summer of 2019, I'd pointed out that many millennials have spent most of their investing lives in one of the longest bull markets in history. That has certainly been the case for yours truly. Unfortunately, that came to an end this week as the TSX, the Dow Jones, and the S&P 500 all fell into a bear market.

Young investors have stared at sky-high valuations for years now. For the first time since the financial crisis, there are massive discounts available all over the market. Millennials are a match made in heaven for the Fool strategy: look for high-quality, long-term equities. This is the kind of strategy that has made men like Warren Buffett very wealthy.

Today, I want to take a snapshot of three stocks that are well worth owning in a millennial portfolio geared for the long haul.

Feast on high-quality discount stocks

Bank stocks are profit machines. They may not be exciting, but these equities provide a terrific balance of growth and income. When they can be had for a discount, investors should look to pounce. **Bank of Montreal** (TSX:BMO)(NYSE:BMO) stock has plummeted 40% over the past month as of close on March 12.

BMO released its first-quarter 2020 results on February 25. Adjusted net income increased 5% year over year to $1.61 billion. Domestic Personal and Commercial Banking reported adjusted net earnings of $700 million — up 8%. Its Wealth Management segment saw adjusted net earnings increase 21% from the prior year to $300 million.

Shares of BMO last had a very favourable price-to-earnings (P/E) ratio of 6.9 and a price-to-book (P/B) value of 0.8. The bank last increased its quarterly dividend to $1.06 per share. This now represents a monster 7% yield.

Defence stocks have thrived in recent years, as nations around the world have dramatically increased their military spending. Global military spending topped $1.8 trillion in 2018, according to the Stockholm International Peace Research Institute. This was the highest spending on record.

Heroux-Devtek (TSX:HRX) is a Quebec-based company engaged in the design, development, repair, and overhaul of landing gear, actuation systems, and components for the aerospace market — both commercial and defence. Its stock has plunged 35% over the past month. This pushed shares into the red for 2020 so far.

The company released its fiscal 2020 third-quarter results on February 6. Sales rose 8.8% year over year to $144.5 million, and adjusted EBITDA climbed 7.3% to $24.6 million. In the year-to-date period, consolidated sales grew 36.9% to $446.2 million. Defence sales climbed 39.8% to $234.4 million. The only drawback right now is the company's high debt levels.

Shares of Heroux-Devtek last had a P/E ratio of 14 and a P/B value of 1.1, which are both very low compared to industry peers. The stock last had an RSI of 16, putting Heroux-Devtek well into oversold levels.

Aritzia (TSX:ATZ) has been a star in a struggling sector on the TSX. Shares of Aritzia have fallen 38% over the past month. This has wiped out nearly all Aritzia's gains over the past three years. However, this forward-thinking clothing stock is still worth a look.

The company released its third-quarter fiscal 2020 results on January 9. Net revenue increased 10% from the prior year to $267.3 million and it posted comparable sales growth of 5.1%. This represented the 21st consecutive quarter of growth. Adjusted EBITDA rose 2.4% to $58.4 million.

There was a lot to celebrate in Q3, as Aritzia launched its first foray into men's outerwear. It continued to most promising e-commerce growth, and it announced a further expansion of its boutique network. Shares last had a favourable P/E ratio of 20 and a high P/B value of 5.5. Aritzia stock is also in oversold territory with an RSI of 18 at the time of this writing.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:ATZ (Aritzia Inc.)
3. TSX:BMO (Bank Of Montreal)
4. TSX:HRX (Héroux-Devtek)

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