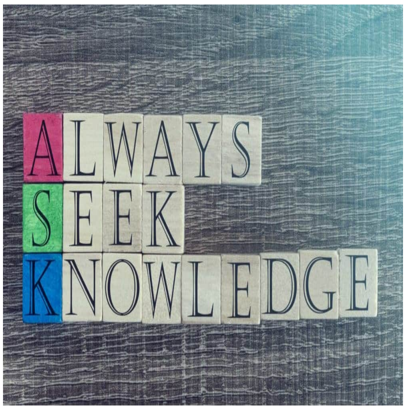

This Bear Market Is Far From Over: 3 Must-Do Things for Your Stock Portfolio

Description

As time has elapsed, it's become more apparent that this bear market is *far* from over. One of the biggest macro issues right now is the COVID-19 crisis. It's a black swan that's crippling the global economies.

Businesses are shutting down temporarily. Supply chains are broken. The hardest-hit sectors are related to tourism and travel. Retail is also hit hard, other than grocery stores. Therefore, mall REITs are also in trouble.

The outbreak seems to have subsided in China. However, outbreaks are now happening elsewhere in the world, particularly in Italy. And other European countries like Spain, France, and the U.K. are expected to follow. The novel coronavirus is a global pandemic.

Total deaths caused by the virus were more than 5,400 on Friday. The number of fatalities has climbed to more than 6,500 over the weekend.

Stay calm for your stock portfolio

Over the last few weeks, the U.S. and Canadian stock markets sold off more than 20%. We are officially in a bear market after about 11 years since last time.

The coronavirus situation is getting worse, not better — at least, in the near term. Therefore, expect much more volatility in the stock markets, perhaps, over the next few months.

The state of the emergency is confirmed by the Federal Reserve cutting rates again over the weekend just after it cut it on March 3. The updated benchmark interest rate is now 0% to 0.25%. The Fed also restarted quantitative easing to buy another US$700 billion worth of Treasury bonds and mortgage-backed securities.

At times like this, there will likely be more panic selling in the stock markets. To keep your long-term financial well-being intact, investors must not let the emotion of fear take the lead, despite having potentially large red numbers in their stock portfolios. Stay calm and don’t panic sell.

Focus on long-term businesses

Here at Motley Fool, we focus on the long term. We’re investing in businesses, not trading stocks.

Therefore, if you hold quality stocks like **TD Bank**, **Restaurant Brands**, **Fortis**, and **Brookfield Asset Management**, do not panic sell. In the near term, their earnings growth may be negative.

However, their long-term profitability is still very much intact. And the stocks are now undervalued. It doesn’t make sense to sell a business for cheaper than what it’s worth.

On the contrary, it is rational to *add* to these stocks at cheap valuations. As I said, there’s more downside. So, don’t buy yet.

Plan to succeed: Accumulate cash and collect dividends for now

Investors expect even more selloffs and cheaper prices potentially over the next few months, but they still have time to accumulate cash. This includes collecting dividends.

It’s the perfect time to review your portfolio and watch list. Then plan and decide on your most high-conviction buys. On my list, TD and Brookfield Asset Management are among my top stocks to buy.

It can help to plan out a level-headed buying strategy for your stock portfolio when the stock markets are actually closed — ideally on the weekend, so you have more time to think it through.

Typically, averaging into your favourite stocks at opportunistic price ranges is a good way to go. But decide how much you plan to buy the stock beforehand. For example, you might want to invest $12,000 in Brookfield Asset Management in total. If so, you can opt to buy in thirds for $4,000 each time to hopefully get a lower average cost basis than if you buy in one go.

Now’s the time to stay calm, have an investment plan, and shop for value in quality businesses.

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