



Market Crash – Your Opportunity to Get Rich

Description

We're just about at the three-month mark of this record-setting year in the stock market. After 2019 saw a gain of about 20% in the **S&P/TSX Composite Index**, we've now seen it crash by 30% in just one month.

Some believe that the speed of the decline and volatility of the past month mean we are headed to our first recession since the financial crisis just over a decade ago. The market may have dropped 50% during that last recession, but it took almost a full year for that decrease to occur.

With so much [uncertainty in the markets](#), investors are now left wondering what to do with their portfolios. A major question that investors must answer before making any transactions is to determine what their time frame is.

It may not seem like the most opportune time to be buying shares, with so much uncertainty in the market. That is certainly true if you are investing for a short time. But if you don't plan on selling for the next 25 years or more, the recent market crash provides an excellent opportunity to get rich.

Brookfield Asset Management

At a market cap of \$50 billion, this asset management company is one the top-10 largest companies of the **S&P/TSX 60**.

The company is a leader in asset management that can provide investors with [diversity through both its geographic footprint and a wide range of assets](#). **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) investments focus on real estate, infrastructure, renewable power, and private equity.

When looking to add a company during a market crash, it's important to understand the health of its balance sheet. Just like investors, companies need to have cash and liquid assets on the sideline to withstand a recession.

The company announced during its 2019 fourth-quarter earnings report that deployable capital now

totals \$64 billion. The massive war chest will not only help the company through the market crash but will also allow it to continue to acquire companies, many of which have now dropped significantly in value.

Market crash opportunity

From the bottom of the great recession when the company hit a stock price of \$9.5, it grew 850% to \$90 before the market began crashing one month ago. That would be a huge gain for any investor, but would also require someone to time both the bottom and top of a decade-long bull market, an unlikely feat.

Let's instead look at what the returns would deliver to a long-term investor who consistently added to their position over 25 years.

With dividends re-invested, the company returned an average annual growth of 19% from January 1, 2010, to December 31, 2019. Let's assume that the company continues this annual growth for the next 25 years. With a monthly investment of just \$200, an investor would have more than \$1 million in their portfolio within 25 years.

Brookfield Asset Management can't take all the credit for that, though. The magic of compound interest can do wonders for any investor with time on their side.

Foolish bottom line

Even with the recent market crash and extreme volatility, it is very possible that the worst has yet to come.

The key to remaining calm during these market times is to remember that Foolish investing means holding for the long term. Market crashes like this provide a great opportunity to pick up shares of our favourite holdings at a discount.

When we look back in 25 years with our million-dollar portfolios, whether this is a 30% or a 50% drop in the price, it will be but a blip on the stock's chart.

CATEGORY

1. Coronavirus
2. Investing

POST TAG

1. bear market
2. market crash
3. recession

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)

2. TSX:BN (Brookfield)

PARTNER-FEEDS

1. Business Insider
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