



Market Crash 2020: Where to Invest \$10,000 Today

Description

Many investors are in a similar spot. Their jobs are safe and they want to take advantage of today's market crash to pick up cheap stocks for their retirement portfolio. They don't have a big lump sum to put to work, but they're looking to invest \$10,000.

Where exactly should that money go for maximum long-term impact? Should investors take an aggressive approach, or is now the time to get conservative?

It all depends on a million factors, of course. An investor's current asset allocation will help determine their next move, as will their risk tolerance and long-term goals. Age matters, as does the projected time until retirement — although that may be delayed.

Let's take a closer look at a couple of cheap stocks I think are compelling buys today, two excellent places in which to put a \$10,000 investment to work.

Telus

You'd think **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) shares would have held up well during this market crash. After all, telecom usage is up significantly. People are using their smartphones to virtually visit friends and family. And both internet and cable TV usage have increased as people stay at home.

Despite this, Telus shares are still down 20% compared to their recent highs, which alone makes this long-term winner a compelling buy today. After all, investors are supposed to buy great stocks at [bargain prices](#).

Two separate data points really emphasize how cheap Telus shares are today. Let's start with earnings. On a split-adjusted basis, Telus earned \$1.45 per share in 2019, putting the company at approximately 15 times trailing earnings, a pretty reasonable valuation.

Analysts project the bottom line this year will be closer to \$1 per share, but I'm optimistic it'll be closer to original estimates, which checked in at \$1.60 per share.

Telus is also cheap when we look at the dividend yield. Shares currently yield more than 5% today, which has historically been a solid entry point. Telus also has a history of raising the dividend, although the company may pause increases for a little while.

Plaza

Plaza Retail REIT ([TSX:PLZ.UN](#)) shares have utterly collapsed during this market crash, falling some 40% on fears many of the company's tenants will not be able to pay rent for months. And that might be the best case scenario; many of these businesses could close for good.

But if we look a little closer, things don't seem quite so dire. Plaza's 272 property and 8.4 million square foot portfolio is positioned pretty nicely for long-term success. Its top tenant, **Loblaws**, accounts for about 25% of rents. That retailer is doing just fine.

Other important tenants include large [fast-food chains](#) and the best names in Canadian retail. In fact, 90% of the portfolio consists of national companies — organizations that should be able to handle this downturn.

Shares are also dirt cheap if you assume this market crash reverses itself and Plaza's business returns to normal. Plaza earned \$0.39 per share in funds from operations (FFO) in 2019, with potential for that to increase over time as the company's development projects come online.

Shares trade hands at \$2.80 each as I type this, giving us a price-to-FFO ratio of just 7.2. Plaza also trades at a big discount to its net asset value.

Plaza's dividend yield is currently 10.2%. At just 72% of trailing earnings, the payout ratio is sustainable. Additionally, the company does have liquidity it can access if things really start to go bad, and also has unencumbered property it can always borrow against. Still, investors should note that a dividend cut is possible.

Think of an investment in Plaza less about the income and more about buying cheap assets. If the dividend is maintained at today's level, that's just a bonus.

The bottom line on these market crash stocks

There are hundreds of interesting stocks on the **Toronto Stock Exchange** today. This market crash is a great opportunity to put money to work over the long-term.

If I had an extra \$10,000 to invest today, I'd be taking a long look at great stocks like Telus and Plaza Retail REIT. Perhaps you should do the same.

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2. TSX:PLZ.UN (Plaza Retail REIT)
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