



Market Crash 2020: The Best Ways to Invest \$5,000

Description

The COVID-19 pandemic has sent global equity markets spiralling downward. Although the markets have made a comeback in the last few trading sessions, it's quite possible for them to remain volatile in the near-term at least until the virus threat is under control.

So where do investors park their funds right now? Several industries in the retail, travel and tourism sectors have seen a huge decline in stock prices. Shares of **Air Canada**, **Lightspeed**, **Delta Air Lines** are trading 62%, 65% and 62% below their 52-week highs, respectively.

In these uncertain times, Canadians can look to invest in **iShares S&P/TSX 60 Index ETF** ([TSX:XIU](#)), the largest and most liquid ETF in the country. The XIU is currently trading at \$21.71 at writing, which is 20% below its record high. This ETF has exposure to 60 of the largest Canadian companies.

Its top holdings include **Royal Bank of Canada**, **Toronto-Dominion Bank**, **Enbridge Inc**, **Canadian National Railway** and **Bank of Nova Scotia**, accounting for 7.9%, 6.8%, 5.1%, 5%, and 4.4% of the ETF. The financial sector accounts for 34.7% of this index, followed by energy, materials, industrials and information technology, accounting for 14.5%, 12%, 11.1% and 7.7%, respectively.

XIU provides diversification that's essential in the current environment. Further, it also has a forward yield of 3.2%, making it attractive for income and dividend investors. For investors who don't have the time and expertise to pick individual stocks, ETFs provide an excellent option to grow long-term wealth.

Warren Buffett's Berkshire Hathaway is another excellent option

Investors seeking diversification can also look at buying shares of **Berkshire Hathaway** (NYSE:BRK.A)(NYSE:BRK.B). This Warren Buffet-owned company has returned 36% in the last five years and 145% in the last 10 years.

This company has managed to crush index returns time and again, [outperforming](#) the **S&P 500 Composite Index** by a stellar 2,724,278% in the last five-and-a-half decades. The insurance giant is

one of the top companies in the world, providing diversification as it continues to hold large stakes in other publicly listed companies.

At the end of 2019, Berkshire Hathaway owned a portion of some of the top companies south of the border such as **Apple**, **Amazon**, **Coca-Cola**, **American Express**, **JP Morgan Chase** and **Moody's**, among others. It also owns stakes in two Canadian companies, **Suncor Energy** and **Restaurant Brand International**.

Further, Berkshire Hathaway had \$125 billion in cash and short-term investments, which could be used to acquire or increase position in several undervalued companies due to the recent pullback.

Despite its stellar rise in stock price over the last few years, however, Berkshire Hathaway continues to trade at an attractive valuation. It has a forward price-to-earnings ratio of 13.77.

However, analysts expect earnings to rise at an annual rate of 23.3% in the next five years. Berkshire's price-to-sales ratio is 1.38, while its price-to-book ratio is 1.06, making it one of the top stocks to own in the current market.

As stated, investors can expect equity markets to be range-bound in the upcoming quarters. But it's almost impossible to time the markets, which means the current pullback offers investors an opportunity to build long-term wealth.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. NYSE:BRK.B (Berkshire Hathaway Inc.)
2. NYSE:BRKA (Berkshire Hathaway Inc.)
3. TSX:XIU (iShares S&P/TSX 60 Index ETF)

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