



Market Crash: How to Turn \$69,500 Into \$1,000,000

Description

Canadian investors are struggling right now. This year's market crash has been about more than just a couple of businesses facing a downturn. After the oil and gas industry fell, Canadians didn't realize a virus literally on the other side of the world would soon turn their world upside down.

Today, three out of five Canadians have been affected financially by the [coronavirus](#). So, not only is this virus taking a significant toll on our physical and mental health, but it's also taken our means of making a living. But there is at least some hope to be had.

If you don't already have one, the Tax-Free Savings Account (TFSA) is your best defence against today's market crash. As of January 2020, Canadians have \$69,500 of contribution room to work with. You might already be one of those investors that has used up this room. But with the market crash, you might be looking for a way to re-balance your portfolio during this downturn.

Royal Bank

What you want during a market crash is a solid blue-chip stock to see you out of it. During the Great Recession of 2008, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) was one of the best-performing banks in the world. Canadian banks managed to get out of the recession before many worldwide peers, so buying up a Canadian banking stock is a solid choice at this point. While others continue to struggle, Royal Bank and others were back to pre-crash prices within a year.

The reason I recommend Royal Bank is because it is also Canada's largest bank by market capitalization. The company has already gone through the growing pains that many of its peers are facing at the moment. This means Royal Bank is already bringing in significant funds, even during a market crash, while other banks are in set-up mode.

A lot of this cash comes from the bank's expansion into the United States and the wealth and commercial-management sectors. Both of these areas have been highly lucrative for Royal Bank in the past and should continue to bring in cash moving forward. Beyond that, Royal Bank expanded into Latin America, where the emerging market could provide even more revenue for the top bank.

Market crash millions

Based on how the stock performed in the past, it's clear it can rise back from the ashes in the future. Since 2008, the stock gained 267% before the crash. Since the market crash, the stock has dropped about 22% as of writing. Analysts believe the stock will be right back at the price within the next year, and Royal Bank has already bottomed out. That means the time is right to juggle your portfolio and pick up this defensive stock.

So, say you used your TFSA contribution room for this stock, you could be looking at another 267% increase in the next decade. On top of that, you have the bank's dividends to reinvest, which the bank should consistently increase by 8% annually. So, say you were to re-invest; then you could reach \$1,000,000 in [just over 15 years](#).

Of course, this is if you have the funds available. But even if the perfect conditions aren't met, you can be sure that Royal Bank is the best defensive stock out there for investors looking to make it out of this market crash with some money in their pockets.

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1. Bank Stocks
2. Coronavirus
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