3 No-Brainer Growth Buys During a Stock Market Crash

Description

"The stock market is risky." It's the phrase that is repeated by people who don't understand the stock market or think they understand it too well. What they don't understand is that people who *do* invest in stocks understand that it's risky. But they still do so because there are methods and practices to mitigate the inherent risks of investing in stocks.

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As the current market crash has reminded us again, while there are ways to mitigate the risks of investments, you can't completely eliminate them. Yet people still invest and will keep investing, because it's one of the best and time-tested methods of growing your wealth.

Since growth stocks take most of the heat for being "risky," I thought it would be better to take a look at how three of the most coveted growth stocks on TSX fared this year.

The second-largest software company

Constellation Software, with its $27.3 billion market cap, is the second-largest software company in the country. This Toronto-based giant has been around for about 25 years, and it has been growing its market value almost consistently. Its 10-year CAGR is 42.74%. It's also one of the most oversold stocks trading on TSX.

The company was trading at about $1,174 per share at this time last year. Currently, it's trading at 9.8% more than that. That's after going through one of the worst crashes in the history of TSX. If you had invested $10,000 in Constellation last year, your portfolio would have actually grown by $980.

A golden company

Gold and gold-based companies usually move opposite to the broad markets during a recession. But this market crash plummeted the high-flying golden stock of **Kirkland Lake Gold** as well. The stock price fell by 44% from its value at the beginning of 2020. It primarily operates in Canada and Australia, and it has been one of the fastest-growing stocks on TSX for the past there years.

Kirkland's three-year CAGR comes out to an unbelievably high 75.89%. It's one-year growth (from April 2019 to April 2020) has been 25%. If you had invested $10,000 in Kirkland last year, you would have accumulated $2,500 in capital gains in one year.

A cargo company

Despite the airline business being decimated in a coronavirus-induced market crash, **CargoJet** is still soaring high. It's already under the radar of **Amazon** and might attract the attraction (and capital) of the Oracle of Omaha as well. It grew its market value by 345% in the past five years (before the crash). Even after falling 39% in March, the stock is currently valued 50% more than it was at this time last year.

A $10,000 in this high-in-the-sky stock would have earned you over $5,000 in capital gains in a single year. This makes it one of the hottest growth stocks on the TSX, even during the market crash.

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Foolish takeaway

Stocks *are* risky. But, as we have seen in the performance of three growth stocks above, the stock market has the potential to reward investors, even after it has been through a severe market crash. It isn't always that simple or that generously rewarding, but that's what diversification is for — to mitigate the risks of losing everything in the market crash while still experiencing some growth.

The stocks mentioned above aren't some tucked-away gems that only the savviest of investors could spot. These are three of the most prominent growth stocks, revered by novice and seasoned investors alike. The performance of these three growth stocks should curb some of your fears about the market crashes, and how resilient your portfolio can be if you build it up with the right companies.

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adamothman

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