3 Killer Stocks To Buy When the Market Hits Rock Bottom

Description

While the **Toronto Stock Exchange** is on the road to recovery, there's a chance that it's only a temporary reprieve before the market starts absorbing the long-term repercussions of the pandemic. The country is already facing a technical recession, and experts are now discussing how devastating this recession would be as compared to the last one. This is in stark contrast to last year when people were speculating whether there would be a recession in the first place.

The only silver lining of a full-blown recession is the amazing investment opportunities it offers. As an investor, you may want to set aside some funds for investments apart from your safety net. You should also evaluate a few good companies and shortlist candidates.

Today I've picked three stocks that you may want to look into if the market hits rock bottom.

An energy stock

My first pick might seem a bit risky as it's an oil exploration company. **Parex Resources** (TSX:PXT) is a Calgary-based crude oil exploration company that owns an interest in approximately 2.7 million gross acres of an onshore production block in Colombia.

The company has only been around for a decade, but the management team is composed of experienced individuals with proven track records.

One thing that stands out about Parex is that it hardly has any debt on its book. This $1.92 billion market cap company has a total debt of just $2.26 million, and the company reported well over $1 billion in gross profits.

The stock is still at a 46% discount and is available for a price of $12.8 per share. Before the crash, it grew its market value by about 167%. This solid growth stock should be on your radar in case of a crash.

An insurance giant

Sun Life Financial (TSX:SLF)(NYSE:SLF) is one of the 10 largest life insurance companies in the world. This Toronto-based firm has a market cap of about $26.8 billion and millions of clients across the globe.

With offices in 27 different markets and about the US $1.1 trillion assets under management, the company has a well-diversified and strong financial reach. The company paid off the US $17 billion in claims just last year.

The market value growth of Sun Life wasn't explosive even before the crash, but it was steady. It also pays quarterly dividends, which have been increased by 41% in the past five years.

Currently, the company is trading at $43.9 per share. It's about 30% less then what it was trading for before the crash. It has also brought the yield up to a juicy number of 4.8%.

A real estate company

FirstService Residential (TSX:FSV)(NASDAQ:FSV) is a Toronto-based residential management company. It manages over 8,500 communities containing more than 1.6 million residential units. The operating budget exceeds $7 billion for a year. The company also focuses on technological advancements, software-based service, and green initiatives, giving it an edge in the fast-evolving market.

The company achieved amazing growth in the past five years. Even after the market crash, when its stocks are 22% down, the share price is up 230%. Apart from offering explosive growth opportunity, the company is also a dividend payer. It increased its payouts by 50% in the past five years.

Foolish takeaway

All three companies are still trading at a discounted price. But if another crash comes, the price may slump even further. All three stocks have the potential to strengthen your portfolio, and buying them when they are trading way below their fair value is one way you can use the recession to your favour.

CATEGORY

1. Dividend Stocks
2. Energy Stocks

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2. TSX:FSV (FirstService Corporation)
3. TSX:PXT (PAREX RESOURCES INC)
4. TSX:SLF (Sun Life Financial Inc.)

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