



## TSX Stocks: Why This Investment Strategy Could Make a Comeback

### Description

Value investing is one style that could come back into fashion with a bang this year. Value stocks have been in the bargain basement of the investment world for some time now. The bull market didn't support them, and the market crash just pushed them further down. The ratio of value to growth stock popularity is now as low as it was two decades ago. That said, things could be about to change.

Gold stocks in particular could come roaring back. While they've remained resilient during the market crash, many miners of the precious metal are still undervalued. Earnings season is going to be of particular interest to long-term investors.

It's likely to be a rough quarter across the board, further depressing share prices, which in turn could help draw interest in beaten-up quality names.

### Hold cash and get ready to buy cheap stocks

The catalyst could come in the form of a staggered economic crash. The pandemic has severely weakened the ability to deal with another major stressor, for instance, such as a natural disaster. The emergence of another virus, or the lack of a vaccine could have a similar effect.

In short, the toolbox of economic stimulants is empty. A cheap money bubble, meanwhile, has been silently inflating.

Value stocks could see gains as markets tumble. A reordering of global finances could see [emerging markets](#) grow in popularity. Investors should be looking at names that allow access to the BRICS nations, for instance.

Beyond this, investors should be keeping an eye out for names that trade below book value. This indicator of inherent value should be considered alongside the P/E ratio.

Returning to commodities, investors should consider gold mining names like **Centerra Gold**. Copper is also undervalued and could have [masses of upside](#). Key names here include **Lundin Mining** and **Barrick Gold**

Barrick, a strong play for gold, is also a play for the green power growth potential of copper. The bottom line, though, is price. Investors should single out beaten-up quality for long positions.

The oil price crash was a strong example of how much has changed since the start of the year. The price war couldn't handle a pandemic; demand was utterly destroyed as a result, leading to negative prices. This is just one example of how entire sectors could suffer.

A bigger correction could be on the horizon, therefore, as the price of recovery takes its toll. If it comes, value investing will likely gain in popularity.

## The bottom line

Is the market recovering, or is there worse yet to come? Investors may be overlooking the dangers of a free money bubble. Cheap cash has become an increasingly pressing issue with the successive interest rate cuts.

South of the border, the Fed likely recognized this danger when it kept rates steady this week. The strategy of zero interest and quantitative easing is likely to remain for 2020. Whether the Bank of Canada follows suit remains to be seen.

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