Market Crash: Where to Invest Right Now

Description

Some investors don't know where to invest right now. In fact, they are refraining from buying stocks in this especially turbulent market crash times because they think stocks will go lower. In all likelihood, stocks will go lower.

However, it's pretty much impossible to catch the bottom on stocks, which is why it's more important to employ a systematic and rational approach in stock investing.

Market crash: A systematic approach to stock investing

In a market crash, it's especially essential to have an investment plan. For example, you can identify the top or safest areas to invest in. Then, choose quality businesses for consideration of investment. After that, determine whether the stocks are a good value to buy.

Finally, continue with a program of buying periodically so that you get an average cost basis that'll typically be lower than if you go all in at once. At the very least, buying every month, every two months, or whatever time frame you choose, investors can better manage psychologically.

For example, you might have concluded that the technology and health care sectors are safer places to put your money to work. On the **TSX**, there are few quality tech and health care companies for consideration. **Constellation Software** and **Jamieson Wellness** are rare examples. You might also look at the south of the border for tech and health care stock ideas.

Let's be rational about this market crash

Some businesses have taken a bigger hit. Understandably, these businesses are in tighter spots in the near term. Some obvious areas of greater risk are retail real estate. For example, **RioCan REIT's** (TSX:REI.UN) market value has been shaved in half since February.

The stock drop is associated with the short-term deterioration of the business. Although RioCan's funds from operations essentially remained flat in Q1 year over year, more than 50% of its tenants were forced to close their businesses due to COVID-19. This is going to at least impact the REIT's Q2 and Q3 results.

To deal with the COVID-19 pandemic, RioCan has allowed tenants to defer rent payments for 60 days. The REIT expects to eventually collect 83% of its April rents.

The market is hopeful for some sort of recovery (the reopening of businesses) by the end of the year, which will improve RioCan's fundamentals.

To avoid that high uncertainty, investors might opt to invest in quality businesses like Constellation Software and Jamieson Wellness that are resilient against COVID-19 impacts. These stocks will naturally be trading with little to no discounts, though. The stocks are fully valued, and valuation risk is essential for investors to consider.

I'm more inclined to believe that investors will take less risk by putting new money in RioCan today. However, keep in mind that things can get worse before they get better.

At least things won't start to normalize for at least six to 12 months. Investors should therefore have an investment horizon of at least one to two years for RioCan stock to recover to $20-24 for 35-62% upside. Meanwhile, investors can collect any cash distributions the REIT will pay.

Where to invest right now

Investors need to be comfortable with their investments. On one hand, quality technology and health care stocks should hold up better than other sectors this year. On the other hand, investors can get better values in highly uncertain areas like retail REITs.

Still not sure where to invest right now? Consider these top stocks.

CATEGORY

1. Dividend Stocks
2. Investing
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TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:JWEL (Jamieson Wellness Inc.)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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1. Business Insider
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