



The Market Doesn't Make Sense: Here's How to Profit

Description

Warren Buffett said, “Be fearful when others are greedy and greedy when others are fearful.”

And even though he is not following his own advice right now, its validity holds nonetheless. The market doesn't make sense. Some sectors have gone on like there wasn't a market crash at all, some have recovered very swiftly, and some are still lagging behind.

It seems like it will be a long while before the airline and energy sectors regain traction. There are still outliers in some of the lagging sectors that are recovering and growing at a pace much faster than the broader sector. Since the market isn't behaving as it does during a market correction, and several experts anticipate a recession in the near future, many investors are wary of making a move.

But it's uncertain times like these when fortunes are made. Whatever investment you make right now will indeed carry more risk than it would have if you had bought it another time, but with more risk comes a greater reward.

An industrial REIT

Dream Industrial REIT ([TSX:DIR.UN](#)) isn't exactly a millionaire-maker stock; neither is it a Dividend Aristocrat, but it's one of the few decent growth stocks in the real estate sector that is still trading at a substantial discount. Currently, the company is priced at \$10.78 per share. That's over 20% down from what the stock was trading at before the crash.

Another reason to pick that stock is that as an industrial REIT, it's inherently a safe stock, with its rental income tied to long-term leases. It also has a [diversified portfolio](#), and even though the bulk of its properties are within borders, about 31% of its assets (based on portfolio value) are in the U.S. and Europe.

The first-quarter results of the company are encouraging. The company actually increased its net income compared to the last quarter by \$25 million. Currently, the portfolio consists of 262 properties. Between Jan. 2016 and Jan. 2020, Dream REIT's market value grew by about 120%. If the company manages that kind of growth in the next four years, the current low valuation will really pad your profits.

A bank

National Bank ([TSX:NA](#)) has the unfortunate quality of always being introduced as a "not one of the Big Five" banks. Despite the fact that compared to the Big Five, it has shown marvelous capital growth in the past five years, it has the highest return on equity (14.4%) in the Big Six, and it's the oldest Aristocrat in the bunch.

National Bank is currently trading at \$61 per share, about 18% down from its pre-crash value. A slow recovery is one of the things where it's [emulating the rest](#) of the sector. While it's true that the bank is suffering losses, especially when it comes to bad loans, but this situation is uniform across the sector. When banking in Canada bounces back as a whole, National Bank might start growing the same way it did before the crash.

A fast growth pace combined with the discount you can get for it now makes National Bank a profitable investment.

Foolish takeaway

A typical market crash, correction, and even a recession are more comprehensible than the current situation the market is going through. But unless you have given up on the national and global economy entirely, the chances are that the market will bounce back sooner or later. So, you may not want to divest yourself of amazing discounts that are available right now and buy amazing companies at low rates (though with caution).

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