2 Stocks That Could Be Millionaire-Makers After COVID-19

Description

One of the greatest ironies of current economics is that recessions, where people lose their savings and investments, are also where fortunes are made. Investors that pick the right stocks when the market hits rock bottom can benefit significantly from the recovery. Many companies grow well beyond a hundred percent when they are recovering from the slump, nearly doubling up investors' money in months.

The problem is that the best time to hunt down and buy outstanding recovery stock is right after the market has tanked. The further away from that point, you get, the thinner inventory of discounted stock becomes. But there are always late bloomers, especially in the distressed industries, which experience a very protracted recovery.

This is the case right now. Industries like tech and consumer cyclical recovered very rapidly. The tech was so fast the recovery that it has already started to normalize again, and the momentum is waning. Whereas energy, finance, real estate, hospitality, and transport (partially), are still dragging their feet.

Some stocks from these sectors that are fundamentally strong, and are just being punished for being in the worst-hit sectors, can be millionaire makers.

A financial stock

One of the financial stocks that is still a bit underpriced, despite managing a rapid enough recovery, is **Clairvest Group** (TSX:CVG). It's currently trading at a price-to-earnings of 5.9 times, and a price-to-books of 0.8 times. It barely has any debt and a cash pile that's almost a hundred times more than its debt (which is understandable given that it's an investment group). It also has a solid balance sheet.

The company has over $2.4 billion in equity capital under management. It has made three significant acquisitions since the March crash, and if they — and other investments the company has made in the wake of the pandemic — pay off, the company could skyrocket. It has a lot of room to grow. Even now, its 10-year compound annual growth rate (CAGR) is 15.8%, which seems sustainable.

It's also enough to grow a one-time $30,000 investment into one million dollars in about 24 years.

A real estate stock

To say that **Interrent REIT** (TSX:IIP.UN) stock is going through a hard time would be an understatement. When more and more companies are moving toward eventual recovery, the stock is going through a second slump. After hitting its recovery "peak" in May, the stock is now almost 19.5% down, and nearly 35% down from its pre-pandemic peak.

It was a fantastic growth stock before the crash. One of the reasons why it is having so much trouble recovering could be that it was overpriced before and is now getting normalized. Even in this slump, its 10-year CAGR is almost 28%, which is far too ambitious to take into consideration. But even if we consider half that growth, or 14% every year, the stock can still make you a millionaire in 27 years with $30,000 invested.

Foolish takeaway

While it's not very challenging to find undervalued stocks in a market like this, it's certainly challenging to find companies that won't just recover, but keep growing steadily for at least a couple more decades. When you plan on holding on to your investments for a long time, the steadiness and continuity of growth become more important than the rapid pace of growth.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:IIP.UN (InterRent Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/07/02
Date Created

2020/09/29
Author
adamothman