Investing for the Post-Pandemic World: A Top Pick to Buy and Hold

Description

The COVID-19 pandemic has sent the world economy into one of the worst recessions in recent memory. Many smart billionaire investors, including the likes of Howard Marks, don't seem to be fans of the risk/reward trade-off here, with the **S&P 500** slightly above its pre-pandemic highs, given the massive haze of uncertainties.

With recent setbacks on the coronavirus vaccine front (two promising firms hit the pause button on their trials over safety concerns), investors may start to wake up to the reality that this pandemic could drag on way longer than most expect. While it's good to be optimistic about returning to normalcy, it's also important to have a "Plan B" in case we're due for further negative surprises before the advent of a safe vaccine. That means owning recession- and pandemic-resilient stocks that can hold their own in another coronavirus-induced market crash.

At the same time, one must not ignore the beaten-up COVID-hit plays, many of which sport valuations that suggest the worst has yet to come with this pandemic. It's these battered bargains that could have the most upside on a vaccine breakthrough. Until this breakthrough happens, such plays will likely be stuck in limbo. If you're a true long-term investor with a multi-year time horizon, though, such volatile stocks are well worth holding as a part of a barbell portfolio that balances COVID-19 risks, effectively allowing investors to do reasonably well, regardless of when the vaccine arrives.

This piece will have a look at one battered bargain with a rock-bottom multiple. The well-known company reeks of value and is likely to lead the upward charge once the pandemic concludes, whether it be next year or in three years from now. And unlike most other COVID-hit firms, the company has a balance sheet that's strong enough to weather however many more waves of COVID-19 that we'll be due for before the virus is conquered.

Brookfield: A premium alternative asset manager with a not-so-premium price tag

Without further ado, enter **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM), a well-run alternative asset manager that's currently sitting 26% off its pre-pandemic highs. Brookfield has put the **TSX Index** to shame over prolonged periods of time thanks to the terrific managers running the show who are among the best in the business.

Brookfield's retail real estate assets have fallen under a considerable amount of pressure amid the COVID-19 pandemic. With more than enough liquidity to weather the crisis, though, the recent sell-off in BAM stock is overblown beyond proportion. At these depths, I would encourage long-term investors to back up the truck while shares are depressed, given BAM is well positioned to deliver outsized returns in an era of rock-bottom interest rates.

Investors are avoiding firms with mall assets like the plague right now. Still, once we enter a post-pandemic world, I think it's likely that we'll witness a strong reversion in the mean demand for retail properties, as consumers gradually return to the realm of the physical. In the meantime, Brookfield is well equipped to keep rolling with the punches and looks to be a steal at just 1.9 times book value, given the quality and relative resiliency of its underlying assets.

CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. TSX:BN (Brookfield)

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Investing
3. Stocks for Beginners

Tags

1. Editor's Choice

Date
2025/08/25
Date Created
2020/10/15
Author
joefrenette