3 Stock Tips From the COVID-19 Market Crash

Description

I've been reflecting on my stock investing experience, particularly through the March COVID-19 market crash. Here are some stock tips that I put together. I hope they will help you with your investing journey for better returns and to sleep better at night.

You don't have to buy at the bottom to make good money

Sometimes, investors don't buy stocks if they've missed the bottom. However, you don't have to buy at the bottom to make good money. Anyway, we only know where the bottom of a market crash is in hindsight. Therefore, you can consider buying stocks when they're trading at good valuations.

For example, depending on the stability or quality of a business, you might choose to start buying a stock when it's trading at fair valuation or a discount of 10/20/30/40/50% from fair valuation.

When **Brookfield Property Partners** (TSX:BPY.UN)(NASDAQ:BPY) dropped off a cliff along with the March market crash, I waited for the stock to somewhat bottom before accumulating in the US$8-9 per share range. This meant that I missed the bottom of US$7. But it was safer than jumping in at the start of the crash. These shares have also appreciated a whopping +68%.

I missed the bottom that doubled one's money from price appreciation, but the important thing is to have taken action and bought shares when they were low.

Start by investing in stocks you're familiar with

If I wasn't familiar with Brookfield Property or its top-notch management team, I would have forgone the opportunity to buy it at low prices and bank on its rich dividend that still yields 8.8% at writing.

Other stocks doubled, tripled, or even quadrupled from the 2020 market crash bottom. However, I'mnot familiar with them. It's therefore highly likely that I wouldn't have been able to hold on to the sharesuntil they delivered tremendous value from outsized price appreciation.

So, consider investing or trading a group of stocks you're familiar with. Primarily, I have core stock holdings for long-term investment — either for income or growth. I also trade some stocks that are more volatile than others. For both types of stocks, I'm comfortable with their businesses and "personalities."

In any case, you've got to be familiar with what you're putting your money in. Otherwise, it may be difficult to hold the shares when the stocks experience excess volatility in a market crash.

Stick with your style of investing, but explore a bit

Are you a conservative or aggressive investor? If you're a conservative investor who used to only put your money in GICs, you'd probably want to start by investing in value and dividend stocks in quality companies that have low risk.

This way, you would get periodic income and steady price appreciation. **Enbridge** would be a good, undervalued income stock for consideration today.

Aggressive investors might seek stocks that can 10 times their money. This takes an entirely different mentality and knowledge versus the conservative type of investing I described.

It's fine to explore outside the stocks you're familiar with when you're ready. It'd probably be a good thing. For example, over the years, I've explored outside of value and dividend stocks and into the growth stock realm. And it has been enlightening and enriching.

My growth stock portfolio withstood the COVID-19 market crash very well and has, in fact, delivered astounding total returns year to date. So, the added diversity of growth stocks helped the overall performance of my otherwise dividend portfolio that's focused on value.

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