Got $500? 2 Stocks to Buy After the Market Crashes

Description

One of the most common investor mistakes is thinking that they can't or shouldn't start with small capital. That thinking keeps them from starting early and taking advantage of the second most precious resource available to a long-term investor: time. If you are one of the investors who are on edge about whether you should put just $500 in the market or wait till you've saved up at least $1,000, don't wait.

In fact, for regular TFSA investors, $500 invested a month should be the norm (TFSA yearly contribution room divided by months in a year). And there are several amazing stocks you can buy with that amount right now. But an even better time would be after the market crash when more remarkable businesses are trading below their fair valuations.

A healthcare stock

One healthcare stock that you might want to consider with your $500 is **Viemed Healthcare** (TSX:VMD)(NASDAQ:VMD). It's a relatively new stock and hasn't spent a lot of time trading on the TSX. It's a U.S.-based medical service provider company that offers care at home and the relevant equipment to patients (and elderly). The company also specializes in respiratory diseases, which helped them shine during the pandemic.

This resulted in the company recovering and growing quite rapidly after the market crash. In the last three years, the stock has grown well over 350%. If another crash knocks the stock down to an attractive valuation, buy it. If it grows as well as it did after the last market crash, you might be able to increase your capital by almost three times in a matter of months.

A tech stock

A long-term stock that you may want to look into when the market crashes is **Open Text** (TSX:OTEX)(NASDAQ:OTEX). The company didn't show a robust recovery as many others, especially in the tech sector, did. It's also not fully recovered from the market crash yet. But it's a slowly and gradually growing stock that you can put in your portfolio and forget about.

Open Text is also a dividend aristocrat that has been growing its dividends for the past seven years. But the yield its offering is highly worth the effort. The number you should be more interested in is its 10-year CAGR, which is around 19.33%. If the company can sustain that growth rate for two more decades, your $500 investment can be converted into $17,000.

Foolish takeaway

Another market crash can be an excellent opportunity for many investors. We've just been through one crash at the beginning of this year, which has allowed us to identify great recovery stocks. If you want to double your capital, you might need to look at stocks that offered quite a rapid recovery last time. Or, you can use the market crash to add some great long-term stocks that are typically too expensive to touch when the market is going strong.

CATEGORY

1. Dividend Stocks
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1. Editor's Choice

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4. TSX:VMD (Viemed Healthcare)

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Date
2025/08/19
Date Created
2020/11/27
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