Make $1 Million During the 2021 Stock Market Crash

Description

It's unfortunate, but true. There is likely to be another market crash in 2021 and potentially several more in our future. The pandemic wiped out the markets during 2020, but we're not out of the woods yet. Even with a vaccine becoming available, the world is in debt. It means there will continue to be slips and surges for investors to watch out for.

While this can be disheartening, it can also be exciting if you plan accordingly. First, you find the stocks that should remain stable during the market crash and put those in your portfolio. But then you can start having some fun, looking for stocks that might dip during a market crash but come out of the other end swinging.

So, where should you look?

Tech

Specifically, look into software management. These companies are usually the first to drop but also the first to soar. Just look at the last market crash as an example. Tech companies are hard for people to wrap their head around, especially when it comes to the necessity of the company. Software management in particular is incredibly necessary. It was before, but it definitely is now with the work-from-home and e-commerce economy booming.

A software company you'd want to consider investing in is one that manages the data of enterprise companies. I'm talking **Alphabet**, **Microsoft**, and **Amazon** to name a few. And there's one company that has an enterprise information management partnership with all three of these companies and more. That's **Open Text** (TSX:OTEX)(NASDAQ:OTEX).

History in the making

What investors should immediately love about Open Text is that it's been around for decades. You simply don't get this kind of information from most tech companies, especially in the software space.

But Open Text knows what it's doing and has been providing information management since the '90s. Today, the company now provides that same management within a cloud system.

Over the last 20 years, Open Text has grown 1,268% as of writing. In the last five years, it's grown at a compound annual growth rate of 18.2%! That's taking into account the market crash we're seeing today. But here's what's exciting: the company is about to soar even higher.

Open Text has been announcing all these new partnerships lately but has yet to really see the strong revenue come in from them. Once that's reported, shares are likely to explode. Yet again, during another market crash, it's highly likely we'll see a selloff from a company investors may not understand. When that happens, that's the best time to buy.

Foolish takeaway

Let's quickly look at the last crash as an example. Shares dropped 25% from Jan. 1, 2020, to the March crash. Since then, shares have come back to pre-crash levels. So, if you want to get to that millionaire status, it's not going to be cheap. Let's say shares drop back down by 25%. You would need to invest $800,000 into Open Text to make that in the crash.

However, you have the advantage of historical data with this company. If you look back and take into account that 18% growth per year, you can hold onto the stock for another two decades and get to that millionaire status fairly quickly and with far less invested.

Let's say you invested $50,000 from your Tax-Free Savings Account (TFSA) into Open Text during a drop. You then see it quickly turn into $62,500 as it rebounds. You then see it grow at the same rate as the last two decades and reinvest the dividends offered. In two decades, you would have just shy of $2 million at $1.948 million at today's prices!

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