TFSA Protection: These 2 Stocks Could TRIPLE During a 2021 Bear Market

Description

If you're looking to protect your Tax-Free Savings Account (TFSA), you need to think long term. That's what really matters when it comes to value investing. Instead of looking at the dips and dives of the last few months, you need to think big picture. And big picture? The market as a whole trends upwards. That's why any market crash or bear market should be seen as an opportunity.

If you're a long-term investor, you should have a watchlist waiting on the side to come in at any low point. Whether you decide that low point is a 10%, 20%. or, heck, 40% dip is up to you. But what it means is you'll be saving big time on long-term holds.

But first, some ground rules.

Don't wait; appreciate

When there's a market crash or even a bear market, few people actually tend to invest. Why is this? Because of fear. Many fear the market will continue to drop. So, all that money they just spent on investments feels like it's going down the toilet.

But that's just simply not the case. If you're thinking big picture, and you've researched your strong stocks, then you should use your cash set aside for investments and buy when there's a market crash or even just a solid dip. As I said before, come up with a number your comfortable with.

For me, a dip of around 10% is good enough for me to buy up solid stocks. But if you're really wanting to see a drop, make it around 15-20%. Either way, if the market is down as a whole, you can be fairly confident that you'll see that 10-20% growth in the near term at least. Sure, you may miss out on the 40% drop if there is one, but you can always buy more if that happens. So, appreciate what you have — not what you don't.

Get your cash in order

Some people panic because they don't have enough cash on hand to invest. That's why it is strongly recommended you do your budget and figure out what you can afford to put aside. Again, I like to go by the 10% rule. I take about 10% of each paycheque to put aside for savings and investing. So, when a dip happens, I have cash available to invest!

What you don't want is to either miss out on an opportunity because you don't know how much you can afford — or worse, spend money you don't have! Instead, have the cash on hand to continue buying stakes in companies you know will be around in the long run.

Options

If you want stocks with the long-term potential as well as the potential to triple in the next year, you'll want to look at emerging telehealth stocks like **CloudMD Software & Services** (TSXV:DOC) and **WELL Health Technologies** (TSX:WELL).

Both companies are fairly new but came at just the right time. Their telehealth services became a necessity during the pandemic and remain so today. Even when the pandemic is over, these companies will be sorely needed in the years and decades to come.

It's why both continue to expand and acquire like mad. WELL Health, for example, just spent millions to expand into the United States. Shares went up at the news, and that's without any revenue coming in from it yet!

CloudMD is up almost 600% in the last year, but shares are still only around $3 as of writing. WELL Health is up 361% in the same time, with shares at about $8.65 as of writing. Should another downturn or even market crash happen, these companies are the perfect to buy cheap and see triple this year and beyond.

Bottom line

You don't need a huge investment to make a killing during a downturn. You just need a plan. By figuring out how much you can afford to invest, putting it aside, and having a number in mind about when you buy, all you have to do is find the right stocks. Luckily, you're at the Fool, and we've got your back.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. TSX:WELL (WELL Health Technologies Corp.)
2. TSXV:DOC (CloudMD Software & Services Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
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