
3 Ways a Market Pullback Could Ruin Your Investments

**Description**

No one wants to lose money in stocks; everyone fears a severe market correction, if not a crash. The TSX is still on a bull run entering September 2021. However, as the index advances, people start speculating when the next downturn will happen. Flaws in investment decisions also come out whenever the market tanks. The following are three ways a market crash could ruin your investments.



## 1. Risky investments

Understand that volatility is ever present, especially in the stock market. We tend to pick risky investments during a bull market. Once the market contracts, these stocks are the first to fall sharply. The lesson here is not to gamble your money on mediocre stocks in exchange for a higher return.

## 2. Highly leveraged

Some investors are more daring than others. They borrow capital to buy more stocks. While the return on investment is potentially higher, you could lose more money in a declining market. The advice here is to avoid borrowing (or margin trading) to accumulate more shares. Instead, invest only up to the extent you can afford to minimize financial losses.

## 3. Impulse selling

A market crash triggers impulse selling among investors. You wouldn't panic at the first sign of trouble or sell after a downturn if you have a long-term view. Otherwise, the losses could be overwhelming. Let's take the case of **Corus Entertainment** (TSX:CJR.B), a well-managed media and content company.

Historically, stocks recover from a market selloff. Corus hit rock bottom ($1.86 per share) on March 23, 2020, and investors lost 13.6% for the year. As of September 3, 2021, the share price is 108.7% higher than a year ago and has gained 235.5% from its COVID low. The year-to-date gain is 48.71%, while investors enjoy a 3.85% dividend.

A company with weak fundamentals and unable to adapt to changing market conditions will wither sooner than later. Corus Entertainment weathered the health crisis and stands proud today. In the nine months ended May 31, 2021 (fiscal 2021), its net income was $152.8 million compared to the $655.6 million net loss in the same period last year.

## Invest in a high-growth stock

In the pandemic environment, **goeasy** (TSX:GSY) is among TSX's top growth stocks. At $201.09 per share, the trailing one-year price return is 199.02%. Also, current investors delight in the 110.07% year-to-date gain on top of a modest 1.31% dividend. Because of its market-beating growth, market analysts recommend a strong buy rating for this financial stock.

The $3.32 billion alternative financial company to traditional lenders has returned 26,081.40% (22.15% CAGR) in 27.83 years. As such, goeasy has become an ideal long-term bet. Over the last three years, the average revenue and net income were $585.9 million and $84.7 million.

In the first half of 2021, the company's revenue increased to $373 million or +17.2% year over year, while net income grew 141.1%. There's no doubt that goeasy will be the go-to company for non-prime leasing and lending services for years to come.



## Minimize risks, maximize returns

One thing that's certain about the stock market is that it's volatile. It has only two cycles: bull and bear. Smart investors minimize the risks and maximize returns by keeping a long-term view. You won't be distracted by the market craziness if you take the same approach.

**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. TSX:CJR.B (Corus Entertainment Inc.)
2. TSX:GSY (goeasy Ltd.)

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**Date**
2025/08/22
**Date Created**
2021/09/07
**Author**
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