Playbook for the Omicron Scare 2021: Stay Invested!

Description

The impact of COVID-19 on the stock market in 2020 was severe. Fortunately, the TSX bounced back remarkably and even had a bull run for most of 2021. Now, a new COVID strain strikes fear among investors. Canada's primary stock exchange fell below 21,000 for the time since October 27, 2021, in early December due to the Omicron scare.

The timing is unfortunate, as the index was on track to duplicate or better the gains in 2009. If you're looking for a playbook to counter the threat, the strategy should be the same when coronavirus struck in 2020. Stay invested!

Diversified business model

Investors in Canada's second-largest bank have no worries, despite the latest threat or headwind. **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) delivered the goods through the second year of COVID-19-related disruption and uncertainty. Bharat Masrani, TD Bank Group's president and CEO, said, "In 2021, we demonstrated the value of our diversified business model, delivering continued growth and shareholder returns."

Masrani added, "We ended the year in a position of strength, with a growing base of customers across highly competitive and diversified businesses and a robust capital position." But the good news to TD investors was the announcement of a 13% dividend increase effective January 31, 2022.

In fiscal 2021 (year ended October 31, 2021), TD's total adjusted revenue increased 1.1% to $42.69 billion compared to fiscal 2020. However, adjusted net income grew 47% to $14.65 billion year over year. Notably, in Q4 fiscal 2021, the net income of its U.S. Retail Bank, excluding investments in Charles Schwab, increased 112% to $1.12 billion versus Q4 fiscal 2020.

The $173.97 billion bank has proven its resiliency and financial strength during the harshest economic downturns, including the health crisis. It has a more than 100-year dividend track record that's likely to extend for another century. At $95.59 per share, investors enjoy a 38.14% year-to-date gain inaddition to the 3.27% dividend.

Sustained organic growth

WELL Health Technologies (TSX:WELL) should be among the top investment prospects for 2022. Now is the best time to purchase this healthcare stock, because it trades at a discount (-36.02% year to date). Market analysts recommend a strong buy rating and forecast a 129.7% return potential. The current share price of $5.15 could soar to $11.83 in one year.

The $1.1 billion technology-enabled healthcare company wants nothing more but to help improve Canada's healthcare system. WELL's primary objective is to impact health outcomes to empower and support healthcare practitioners positively. Apart from being the owner and operator of the largest network of outpatient medical clinics, WELL also provides multi-national, multi-disciplinary telehealth services.

In the nine months ended September 30, 2021, total revenue grew 464.7% versus the same period in 2020. The $99.3 million revenue in Q3 2021 was a record and represented a 711% growth compared to Q3 2020. Also, WELL reported a 139% year-over-year growth in omnichannel patient visits. Management expects to deliver solid results and sustained organic growth in the next few quarters.

Pick suitable investments

The TSX may or may not experience a sharp drop this year-end. However, if you want to stay invested, pick suitable investments. TD will indeed hold up regardless of the economic environment, while WELL Health should flourish and see robust business growth.

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Date
2025/07/21
Date Created
2021/12/07
Author
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