New Investors: Intriguing Stocks to Buy Amid the Market Turmoil

Description

Even if your financial models point to a margin of safety, Mr. Market can mark a stock well below its intrinsic value. Indeed, the market pendulum swings in both directions. In 2020, it overswung to the upside. This year, it could overswing to the downside. By how much? It's hard to tell, but if you're in it for the long term (think the next five, 10, or even 20 years), you should look to deploy some capital. Just be realistic. Don't expect Cathie Wood-like returns over the next year or even five years. There's a lot of risk, but at the same time, there could be a lot in the way of rewards, now that the most weak-handed of investors have likely left. Given the negative momentum, many may not be looking back.

There's a lot of pain out there in markets. But if you stayed diversified and stuck by the valuation process, you'd be just fine. The **TSX Index** is down just over 2% from its high. Top railway stocks are at or near all-time highs. Those have been Foolish top picks for years now.

Undoubtedly, diversification matters. And we all faced a diversification test this past year. Specifically, those overweight momentum and tech were punished most severely. In addition, those who ignored energy and financials were left on the sidelines, as their epic rallies fueled the TSX's advance. If you're a beginner who didn't diversify, treat the tech selloff as a learning opportunity. Diversification can save you from such targeted market plunges.

A market correction is in: Not everyone has felt the same amount of pain

Mr. Market has been very selective with stocks he's marked down in this correction. Whether or not a bear market arrives should not be a concern of investors. In fact, real long-term investors should relish further downside, as it opens up better prices for stocks of wonderful businesses. Not all of them are wonderful, though. Some deserve more downside. It's your job to separate the good from the bad, as you look to extract the deepest value from names on your shopping list.

As for what to sell, you should not hit the sell button unless you're cool, calm, collected and are making an informed decision. If you're using the proceeds to buy another asset to further diversify and acknowledge you made a mistake, then, sure, selling is fine. With so much pain already in the rear-view, though, it's arguably time to start buying your way to better diversification with gold stocks like **Barrick Gold** (TSX:ABX)(NYSE:GOLD) or the big Canadian bank stocks.

Barrick Gold

Even with the rise of **Bitcoin** and other cryptos, I still believe gold and gold miners like Barrick are a great hedge against inflation, geopolitical crises and market chaos. Unfortunately, we're in the midst of such an environment, with gold prices briefly eclipsing the US$2,000 for the first time in months. Things could get worse for markets, inflation, and the Ukraine-Russia war. That's why gold should be seen as some sort of insurance policy against such terrible times.

To paraphrase that famous saying, "This too shall pass." When it will pass and whether it ends peacefully is a question mark. We can't know these things. That's why it makes sense to have a small chunk of your assets allocated to top-tier miners like Barrick Gold.

You won't get rich for gold miners. But you can help improve upon your diversification with a 2-5% chunk in gold. Where gold heads next is anyone's guess. Regardless, I wouldn't rule out a big rally towards all-time highs of $40 in ABX stock, as gold looks to make similar highs of its own.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. joefrenette
2. kduncombe

Category

1. Investing

Date

2025/09/05
Date Created
2022/03/09
Author
joefrenette