



Bargain Hunting: Is This Market Sell-Off Just What You've Been Waiting for?

Description

The TSX Composite is down 8% year to date, back to levels last seen in the summer of 2016.

But it's okay, because this is what the market does, and the key is to put our emotions aside and keep our [eyes on the long term](#) and our wits about us.

Many investors, including me, have been waiting to deploy cash that has been kept on the sidelines due to [frothy valuations](#). I've had my RRSP portfolio on standby, with 15% cash weighting for the last year, waiting for a better entry point into those stocks that are good long-term investments.

Consider stocks such as **Sierra Wireless, Inc.** ([TSX:SW](#))([NASDAQ:SWIR](#)), which has hit 52-week lows as the stock continues to see a contraction of its multiple in accordance with the changing tone in the market, but also due to company-specific issues related to its Numerex acquisition, which will be mildly dilutive to earnings in 2018.

But longer term, the stock is a bargain buy at these levels, as the acquisition will give the company exposure to higher-margin (54% versus 34% gross margin for Sierra's core revenue), recurring revenue on a go-forward basis.

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is down 6% since the market downturn started.

With \$1.2 billion in total assets, Toronto-Dominion Bank is currently Canada's biggest bank, with the most assets and the second-most deposits. As interest rates rise, the spread between the rate the banks pay customers and the rate that the bank receives widens, bringing more profit to the bank's bottom line.

Since 1995, the bank's dividend has grown at an annualized rate of 11%, and the current dividend yield is an attractive 3.4%.

Badger Daylighting Ltd. (TSX:BAD) is down 10% in the last two weeks, as the stock gets taken down with the market regardless of the company's strong fundamentals.

Badger is reporting strong revenue growth, strong margins and returns, and an earnings increase of 37% in the latest quarter, with more to come.

Baytex Energy Corp. ([TSX:BTE](#))(NYSE:BTE), which has been hammered again and is now trading at just over \$3.

This despite the fact that oil is still trading at over \$60, 28% higher than levels it was trading at in the summer of 2017.

As a reminder, at \$50 per barrel, Baytex is free cash flow neutral; at \$55 per barrel, Baytex generates incremental free cash flow of \$75 million; and oil at \$65 per barrel means incremental free cash flow of \$175 million.

So, in summary, keep your eye on the market and give it enough time to get rid of the excess, and when the fear turns into capitulation, be ready and brave enough to step into the aforementioned stocks, which are some of the many stocks that will bring tremendous upside.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NASDAQ:SWIR (Sierra Wireless)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
4. TSX:BTE (Baytex Energy Corp.)
5. TSX:SW (Sierra Wireless)
6. TSX:TD (The Toronto-Dominion Bank)

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