Missed the Canada Goose Holdings Inc. (TSX:GOOS) Rally? No Problem. Buy This Fashionable Alternative on the Dip Right Now!

Description

As a value investor, I relish the opportunity for a short-term decline in the stocks of businesses I love.

Sometimes Mr. Market is anything but rational. He's emotional, illogical, and tends to make rash decisions, like severely marking down prices of stocks due to issues that are meaningless in the grander scheme of things. If you've thoroughly done your homework and firmly believe you've got a wonderful business on your hands, don't let anybody, not even the Oracle of Omaha, convince you to sell if your long-term thesis is still intact.

Oftentimes, we caught up in the negative hype surrounding a security or the markets in general. This may cause many of us to re-evaluate our original long-term thesis, inspiring us to make a rash decision of our own in conjunction with Mr. Market's beliefs.

As Jim Cramer of *Mad Money* once said, "discipline trumps conviction." If you want to become wealthy off the markets as a long-term investor, you've got to keep your cool when your investments take a plunge.

A prime example of a stock that I believe Mr. Market has wrong is **Roots Corp.** (TSX:ROOT), which took a hit to chin following the release of its Q1 fiscal 2018 results, which were underwhelming, to say the least.

With Roots stock off 17% from its high, I think investors ought to think about backing up the truck on one of Canada's most prized brands that's poised to grow its EPS at a high double-digit rate over the foreseeable future, as management moves ahead with its U.S. expansion.

Putting the foot to the pedal when it comes to footwear

While there are obvious challenges in expanding to a market where the brand isn't as iconic, Roots's new line of footwear may be an underrated source of top-line growth that could result in a nice pop in shares at some point over the next year.

As Roots rolls out its footwear walls across 27 more locations by the conclusion of 2018, margins and top-line numbers could stand to rise together by a considerable amount. Management believes footwear may grow to account for a "double-digit percentage amount of sales," and if that's the case, Roots looks like it could have an earnings surprise of its own in the year ahead.

While a **Canada Goose Holdings Inc.** (TSX:GOOS)(NYSE:GOOS) upside surprise is probably out of the question, investors ought to find the modest 27.4 trailing P/E attractive relative to the company's promising growth prospects. Thus, value-conscious investors who are turned off by Canada Goose's expensive multiple may find that Roots is a worthy alternative in the year ahead.

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