



3 Bargain Stocks to Buy if the Market Crashes Again

Description

When the economy is strong, and the market is growing, many great growth stocks become way overpriced. Occasional market corrections and little fluctuations occur, but they aren't always potent enough to push many of the overpriced but rapidly growing companies down to a desirable valuation.

And even if some kind of external or internal factors (or a combination of both) *does* take a stock from its growth path, it's unsure whether the stock would recover, or how fast. This is why back-to-back market crashes present a rare opportunity to the investor. They can gauge how far a stock can potentially fall (and whether it's in their desired valuation window or not) and how fast it can recover.

With that in mind, there are three stocks that you may want to keep an eye on if the market crashes again. They'll be selling at bargain prices.

A communication holding company

Contrary to the overvaluation and recovery pattern I stated above, the first stock on the list is **Quebecor** ([TSX:QBR.B](#)), a stock that hasn't truly recovered from its crash in March. It's still trading at a 10% discount from its pre-pandemic value, making it a bargain. But if you wait for another crash, it might make its valuation even more attractive.

The reason to add this \$7.65 billion (market cap) aristocrat to your watch list is its [steady growth](#) over the past decade. The company has been growing steadily, with relatively few bumps on the road. This has placed it in a sweet spot, where it's a compelling enough addition to your portfolio's long-term growth, without being too overvalued. The yield of 2.65%, while not substantial, adds another reason why you should consider this stock in another market crash.

A rapidly growing tech giant

The tech sector has shown a phenomenal recovery, but few stocks have come close to **Kinaxis's** ([TSX:KXS](#)) recovery speed. Its stock fell 22% in March, and not only was it back on track by early April,

but the stock also kept growing. At its current price of \$201 per share, it's 115% higher than its crash price. It effectively doubled its investors' money in just four months.

Currently, it's way overpriced. It has a price-to-earnings ratio of 116 and a price to book at 15.4 times. The company has almost no debt, a significantly sized cash pile, and software that's well positioned in the current e-commerce-centred marketplace. So, its rapid growth has robust factors backing it up, apart from investor sentiment and market dynamics.

If it falls 20% or more in another crash, it might still be overpriced, but you won't get another shot of buying this growth monster at a bargain price anytime soon.

A convenience store chain

If you are looking for a safer stock to add to your portfolio, **Alimentation Couche-Tard** (TSX:ATD.B) is a good option. It has an enormous geographically diversified footprint, three prominent brands, and thousands of brick-and-mortar stores worldwide. If the company focuses on its e-commerce front and starts establishing a solid online presence, it can lock in an even better growth rate for the future.

The stock is currently trading at \$46.7 per share. It's already higher than its pre-crash market value. Its 10-year CAGR is impressive, but if you take a look at its recent growth pace, the three-year CAGR is also an impressive 16.9%. That's enough to convert a year's worth of TFSA contributions (i.e., \$6,000 into \$100,000 in about 18 years). The [aristocrat](#) offers a very modest yield.

Foolish takeaway

If you are a value investor, you might have your metrics of gauging attractive stocks. You might not consider a 20% discount enough of a bargain. But another full-blown market crash might be the last time in about a decade that you get so many companies trading at lower prices. Instead of waiting for just one stock to take a steep dive, you may want to target several stocks that offer reasonably discounted prices.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:KXS (Kinaxis Inc.)
2. TSX:QBR.B (Quebecor Inc.)

PARTNER-FEEDS

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