



Cathie Wood: This Market Volatility Is a Great Buying Opportunity!

Description

Cathie Wood and her line of red-hot ARK exchange-traded funds ([ETFs](#)) have been all the rage over the past year, but these last few weeks have been trying, with her **ARK Innovation Fund** suffering a massive 30% plunge on the back of a vicious tech- and growth-focused market correction.

Such volatility is enough to make anybody cringe or vomit, but not Cathie Wood! She didn't seem rattled in the slightest in her recent sitdown in an interview conducted by *CNBC*.

Heck, she seemed happy to have a chance to put more money to work in some of her favourite growth darlings. She went as far as to call the vicious growth-to-value rotation a "great buying opportunity" ahead of what could be the beginning of an incredible bull run.

Cathie Wood doubles down on her favourite growth stocks

Rising U.S. Treasury yields have been bothering investors of late. The higher bond yields climb, the worse things will be for growth stocks, especially those that don't expect to churn a profit until way into the future.

While certain pundits are opening the door to 2% yields or higher in 2021, which could apply even more pressure on the top growth darlings, I've noted in prior pieces that there's also no stopping bond yields from retracing sharply. As such, it was likely a terrible idea to overreact to the situation by selling out of one's growth stocks to time the bond market. I think a majority of the bond-yield-induced damage has already been done. Cathie Wood certainly seems to think so after having loaded up on some of ARKK's largest holdings.

This tech market correction: An opportunity?

Tech and growth stocks bounced back on Tuesday in a big way, with ARKK stock surging over 10% in a day. Cathie Wood was proven right in a big way, but it's still way too soon to dub her as the next Oracle of Omaha! That said, I think she's right on the money in that the growth market correction

should be viewed as a buying opportunity for those looking to punch their ticket into hot growth names that are now taking a breather.

So, if you've got a hot stock that's on your shopping list, now is not the time to be lowering the bar. I think you've got to follow Cathie Wood by being a buyer of some of the most beaten-down growth stocks in recent weeks, even if more pain will be in the cards for the growth market over the coming weeks and months.

Shopify: A Cathie Wood top pick to buy on the dip

Cathie Wood achieved market-crushing results last year, and I don't think her ARK ETFs are about to fade into the background anytime soon. She's betting big on her favourite growth plays, so don't count on her to follow the herd by rotating into value anytime soon.

The bond yield scare is a real negative, and it's a confusing one, especially for growth investors who chased momentum with Cathie Wood-approved names like the white-hot shares of **Shopify**.

That said, nobody ever made money by panicking about what others have already hit the panic button over. Shopify stock is down over 25% from its all-time high amid this growth market crash. Nothing has changed about the underlying fundamentals, yet investors are more than willing to dump the stock over an exogenous event that one may not even understand.

Shopify stock now finds itself at a strong support level at around \$1,400. I think this is the big dip we've all been waiting for, and if you've got the dry powder, I think now's the time to put some of it to work.

Cathie Wood: The next Warren Buffett?

Some folks have been comparing her to the likes of the great Warren Buffett. While Wood's ARK ETFs have crushed [Berkshire Hathaway](#) in terms of performance in recent years, I don't think such comparisons are warranted.

Unlike Buffett, Wood incorporates a profoundly aggressive strategy, with a heavy concentration in the highest-flying growth stocks. Some traditional value investors may think she's putting investors at risk. However, I still think young investors have a lot to gain by listening to the woman, especially during volatile times like these.

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