



Waiting for a Market Correction? Don't. Here's a TSX Stock Already 40% Off its High!

Description

Waiting around for a stock market correction seems like a wise idea for beginner investors looking to outsmart the crowd. Many newbies have probably heard people in the mainstream financial media going on about how expensive the market is and how the S&P 500 looks ripe for some painful correction. Given the bond market action, it seems that stocks are on the verge of rolling over, making the “strategy” of waiting for a market crash more “prudent” amid rampant volatility.

With numerous growth stocks off 40% or more from their highs, though, I'd argue that there's a strong case for buying now rather than waiting for a further sell-off, which may or may not happen when you expect it will.

Cathie Wood isn't hesitating amid this tech market correction

Investors turned their back against tech and all the sort, causing many of last year's winners to become major 2021 losers. Cathie Wood, a popular growth-oriented investor behind ARK Capital's market-crushing 2020 gains, has felt the pain, as investors turned their back against growth stocks. Just because the herd is rotating into value doesn't mean she will, though.

She's doubling down on innovation, also noting the likelihood that the tech market selloff is nothing more than a long-term “buying opportunity.” Inflation jitters don't rattle Wood in the slightest, and while she could be wrong to double down on growth and innovative tech at this moment of weakness, I think her contrarian attitude is commendable.

Some view Wood as the next Warren Buffett. While I think Wood is worthy of praise, I think such comparisons will only make sense after ARK Capital has beaten the market for several years. Right now, ARK is under considerable pressure, and if the tech trade sours further, there's no question that Wood's incredible funds could surrender an even bigger chunk of the gains posted in 2020.

Should you look for beaten-down growth?

If you're like Cathie Wood and are not rattled by inflation and its impact on growth stocks in the slightest, I'd look to buy shares of innovative Canadian stocks that have already lost over 40% of their value. They've [crashed](#), and they could be ripe for picking, especially if you think innovation will have a net disinflationary impact over the longer term. If inflation is temporary, beaten-down, hyper-growth stocks could soar high again, and Wood will be right back to beating the markets.

Which TSX stocks are worth buying on weakness?

Consider Canadian meal-kit kingpin **Goodfood Market** ([TSX:FOOD](#)), which is down over 43% and change from its January 2021 all-time high. The plunge was painful, but I think it's way overdone.

Back in 2020, when FOOD stock was trading at \$3 and change, I'd stated that Goodfood was a terrific "stay-at-home" stock that would profit profoundly from the pandemic. The stock went on to soar over 260% to its high before pulling back viciously to \$8 and change, where the stock stands today.

"GoodFood isn't just a play to protect your portfolio in a pandemic; it's a well-run firm that's riding on long-lived convenience tailwinds." [I wrote](#) last April. "Millennial consumers are all about convenience, and as GoodFood takes steps to improve its margins while simultaneously striving to provide a better value proposition for its customers, I see the Canadian meal-kit king as a big winner for years to come."

With the pandemic hopefully coming to an end over the next year, Goodfood faces a wave of subscriber cancellations. That said, I think investors have already baked in such a post-pandemic headwind into the stock right here.

Moreover, I wouldn't discount management's abilities to sweeten the pot for its existing subscribers, so they're less enticed to pause or cancel their weekly deliveries. Whether that means lowering prices, adding more "add-on" grocery menu items, or a combination of the two, it's clear that the firm will need to step up its value proposition, as people feel more comfortable returning to the grocery store.

For many convenience-valuing young people, meal kits have become a habit that'll stick around post-pandemic. For everyone else, Goodfood will need to be ready to make existing subscribers an offer they can't refuse. I think they can. And at two times sales, I'd bet on it.

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