



## 1 Undervalued Tech Stock to Buy in a Market Correction

### Description

A market correction has been a long time coming, and 2022 may be the year where the averages finally fall 10% peak to trough. Although it's a foolish (note the lower-case *f*, folks!) idea to try to time the next market correction, crash, or bear market, it's smart to have a plan for anything. Mr. Market can throw surprise jabs and hooks you may not see coming. That's why a good defence is key to staying in the game if you're not agile enough to exogenous shocks that most investors simply cannot dodge and weave through without sustaining some damage.

Now, I have no idea if markets will finally correct this year or if it'll take another two or three years. That said, look behind the scenes of the TSX Index or S&P 500, and you'll find that there are a lot of previously strong performers that are off well over 10% from their highs. Some names are in worse shape than just a correction, with battered growth names off over 40% from peak levels.

While it's tough to chase falling knives, I think that investors who would have bought at or around the peak should carefully consider taking a second look at many of the battered names, some of which have likely overswung to the downside.

### Market correction or not, bargains are here right now!

Remember, the markets can be less efficient when [volatility](#) strikes. That means the odds of getting "something extra" (the difference between market value of a stock and its intrinsic value) is somewhat higher. But in order to gain value in such battered names, you're going to need to have a very high tolerance for short-term pain as well as a game plan if a firm's fundamental thesis changes for the worse.

In this piece, we'll look at one of the highest-quality growth names that I'd watch and consider buying now that they've shares have already more than corrected. If the market does fall into a correction, though, investors should brace themselves for amplified downside, making a dollar-cost averaging (DCA) approach the most cautious way to go, as I've discussed in my prior pieces on catching falling knives within the plunging high-multiple tech scene.

## Shopify: A Canadian growth stock that investors should cheer as it falls

Stick with firms you'd love to buy more of if shares were to completely implode after you've bought your first stake. **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is a name that comes to mind after recently falling into bear market territory (shares are down 21% from peak levels hit back in November). The e-commerce giant stumbled in its latest quarter. Though, the initial post-earnings reaction was overwhelmingly (and surprisingly) positive. As shares of the e-commerce stud fall further on the back of this broader high-multiple "tech wreck," Canadians may have a chance to punch their ticket into a name that will likely justify its hefty price tag in three to five years down the road.

In past pieces, I've praised management for their ability to pull new growth levers that have pressured analysts to continue raising the bar on their price targets. From a long-term fundamental standpoint, not much has changed over the past few weeks other than the price. While Shopify stock could still get cut in half from peak to trough, I'd be more worried, as a younger investor, by walking away from the latest selloff emptyhanded than I would holding onto a stock that's poised to shed another 20%.

Shopify is that great of a company, and whenever you can be a buyer on broader sector-based [weakness](#), you should at least start picking up a starter position. Don't be too greedy just yet, but do be ready for management to fire on all cylinders in spite of higher rates.

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