



## Beginner Investors: A Value Stock to Reach for as Others Panic!

### Description

Many beginner investors are being pressured by inflation to take action. Undoubtedly, the draw of the equity markets is enticing at a time when cash is being eaten away at by an above-average rate. No doubt inflation is the most unforgiving to overly conservative people and savers who are just not willing to put up with the price fluctuations on the day to day.

Taking risks in stocks, even the less-volatile ones, makes these types of investors feel uneasy. With inflation where it's at, though (U.S. inflation came in at 8.5%), it's time for the many beginners to rethink what "risky" assets mean.

At the end of the day, it's wise to think about risk as losing purchasing power or real wealth. By sitting on the sidelines and doing nothing, one essentially guarantees that they will not lose money, but they will lose substantial purchasing power. So, the only thing that's guaranteed from this point of view is that one will see their nest egg be worth less and less over time.

### Volatility and inflation are rising

In a time like this, where inflation is soaring, and markets are correcting (the Nasdaq 100 is down 16%, while the S&P 500 is off nearly 9%), I view investing as more of a game of keeping your portfolio's head above water. Inflation and volatility are both horrific forces that we all need to deal with as investors.

It's your job to decide which beast is worse for you and your long-term retirement plan. If you can stomach [volatility](#), there's no sense in hoarding most of your wealth in cash or bonds. Not with rates and inflation both on the rise. Eventually, inflation will begin to drop. But we won't know when the peak is in until after the fact. And that's the real risk at this juncture.

Undoubtedly, inflation is making it such that there are few, if any, safe places for investors to hide. That can be scary. In any case, I think these [times](#) will not last forever. And the investors who scoop up value will be the ones that will come out on top.

Without further ado, consider the following single-digit P/E value stock, as most others hit the panic button.

## IA Financial: A great value for beginner investors in a rocky environment

**IA Financial** ([TSX:IAG](#)) isn't the sexiest insurer on the planet, but it's one of my favourites, given the firm's prudence during good times and bad. There's a reason why the stock was among the first insurers to recover from the Great Financial Crisis. Although the dividend yield is modest at around 3.4% at writing, it's among the safest, with room to run if it turns out the macro environment isn't as dire as most expect.

Rates are rising, and, sooner or later, economic growth will fade. I think it's too soon to conclude that the economy will fade by so much as to fall into recession. In any case, IA stock looks cheap at 9.6 times trailing earnings. It's a well-run business with staying power, and the valuation, I believe, has a decent margin of safety for those prone to making valuation errors.

In times like these, demand a wide margin of safety, because Mr. Market may not be done punishing stocks from across the board. Investors are jittery, to say the least, and they could panic if inflation persists, even as we're dealt a double dose of rate hikes from central banks.

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