Stock Selloffs: 2 Oversold, Ultra-Value Stocks

Description

It is a tough time to be an investor right now. Rising inflation, interest rate hikes, and increasing geopolitical tensions are fanning the flames of uncertainty, keeping investors on their toes. The **S&P/TSX Composite Index** declined by 10.81% between March 29 and May 12, 2022. At writing, the Canadian benchmark index is down by just over 7% from its March 29th high.

Some pundits believe that the market can sustain the current bounce, but it might be too early to tell. Market downturns allow value-seeking investors to find and invest in undervalued stocks that deliver stellar returns when market volatility subsides.

Not all stocks trading for a discount could be viable value bets for investors to consider. Many stocks trading for lower valuations get to that point only to reflect fair value. Fearing the capital risk that comes with investing their money, risk-averse investors tend to sit on the sidelines during such market conditions. Doing so could run the risk of having to buy shares of high-quality stocks at higher prices.

Carefully studying the current market environment and understanding how things could proceed in the coming weeks can help you make more informed investment decisions about leveraging value bets available right now.

Today, I will discuss two discounted stocks that you could consider undervalued investments.

Goodfood Market

Goodfood Market (TSX:FOOD) is a $129.01 million market capitalization online grocery store, home meal, and meal kit company. Headquartered in Montreal, Goodfood Market is a massive presence in the industry, boasting over 40% of the share in the Canadian meal kit market.

The essential nature of the service Goodfood Market has allowed it to enjoy stellar growth in recent years, especially during peak lockdown.

Goodfood Market stock trades for $1.71 per share at writing — down by a massive 57.78% year to date and 84.08% from its 52-week high. Its ties to the tech sector make it a volatile stock. However, it could be considered an excellent stock for short-term growth under the right conditions.

Real Matters

Real Matters (TSX:REAL) is a $418.89 million market capitalization network management services provider for mortgage lending and insurance companies in the U.S. and Canada. Headquartered in Toronto, the company went through a surge in demand for its services during the pandemic. It rose by over 834% between 2019 and August 2020.

However, the company has been steadily declining since its August 2020 peak. Real Matters stock trades for $5.35 per share at writing, down by 32.11% year to date and 70.56% from its 52-week high. It is down by 83.65% from its all-time high.

The company might see more investor activity in the coming years if its financial performance starts to improve from previous years. It could be an attractive asset to add to your investment portfolio.

Foolish takeaway

Nobody knows where the market is truly headed in the coming weeks. One of the best approaches you can take to stock market investing right now is to act on value opportunities when they arise. As carefully calculated as your investment decisions might be, it is crucial to understand that investing in undervalued stocks might still pose a risk to your capital.

Goodfood Market stock and Real Matters stock could be good value bets for your investment portfolio if you are bullish on the long-term prospects for the two beaten-down companies.

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