



## 3 Mistakes to Avoid During a Bear Market

### Description

No matter how logical we become, humans are emotional beings at their core, and this biology often leads to mistakes. We make mistakes in almost all areas of our lives, including investing. An example would be reacting emotionally to a bad bear market, which can lead to damaging, sometimes catastrophic results.

There are a lot of mistakes you can make in a [bear market](#), and there are three common ones that you should try and avoid.

### Mistake #1: Letting go of good businesses

Selling good companies in a bear market, even though there is a high probability that they will bounce back, is one of the most common bear market mistakes you can make. The good news is that this mistake *might* be rectifiable if, after selling, you buy into the company again when it has fallen enough with the discount balancing out the loss you sustained by selling low.

An example of the stock you should consider holding in a bear market is **Ceridian HCM Holding** (TSX:CDAY)([NYSE:CDAY](#)). Many of the things that make this human capital management company and its proprietary software, Dayforce, remain the same, no matter how badly the stock is being beaten by the market like it is now.

Ceridian is currently trading at a 64% discount to its recent peak and a 42% discount to its pre-pandemic peak. It's also one of the few tech stocks that only saw a modest acceleration in the post-pandemic market. These factors point to a company just suffering from a broader bear market and, with its fundamentals intact, is ready to bounce back.

### Mistake #2: Pressing pause on any buying activity

If you fear that you may not be able to predict the full extent of the fall, you may miss many fantastic opportunities that wouldn't just have accelerated your portfolio's growth but would help make up for

your inevitable bear market losses.

For example, the financial sector is going through a bear phase right now, which offers you a chance to buy decent companies like **Ci Financial** ([TSX:CIX](#))([NYSE:CIXX](#)) at an incredibly discounted price. It's a financial service/investment company with an impressive presence in North America and operates under five different banners, each with its market segment.

The stock is cyclical with an impressive yield and is currently available at a heavily discounted valuation. If it falls even a bit further, it would be capable of doubling your capital just by reverting to its pre-pandemic price point — a realistic goal compared to its all-time peak.

## Mistake #3: Not cutting your losses in time

It's important not to go into a selling frenzy when you are in a bear market. But there *are* stocks that you might be better off dropping because of their uncertain recovery/growth potential. One example would be the once-coveted growth stock **Docebo** ([TSX:DCBO](#))([NASDAQ:DCBO](#)). The stock joined the stock market in April 2020, right around the time the tech sector was recovering from the 2020 crash.

Riding that momentum, Docebo stock climbed over 700% in about one-and-a-half years. Now that it's declining from this peak, we don't know how far it will fall, because we haven't seen this stock in a normal market.

Thanks to its business orientation (online learning), it may have a lot of potential in the future, but this potential may not kick in till later in the decade. So, strategically exiting such a position might be a smart thing to do.

## Foolish takeaway

One way to ensure that you don't make mistakes in bear or even bull markets is to develop an investment system and stick to it. You may show flexibility in certain markets and tweak the system for better results, but consistency is important.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. NYSE:CDAY (Ceridian HCM Holding Inc.)
3. OTC:CIXX (Ci Financial)
4. TSX:CIX (CI Financial)
5. TSX:DAY (Dayforce)
6. TSX:DCBO (Docebo Inc.)

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