Now's the Time to Load Up the TFSA With This Top Bargain!

Description

Your TFSA is meant for sound long-term investing. Whenever the market grants you an opportunity to punch your ticket into a quality bargain, you should be interested, even if the bears on television warn that the "worst has yet to come." You know about the type of bearish commentary I'm talking about. They tend to become widespread well after the market has already fallen by a considerable amount. While they have more credibility in the midst of a market correction or bear market, I'd urge investors to stop trying to find a bottom in this market. Like it or not, timing the market can have an adverse impact on your TFSA wealth.

Instead of trying to predict the unpredictable, your efforts would be better used analyzing individual companies and determining how much they're worth to you. Sure, you can factor in a deteriorating economy into the valuation process. However, you should resist the urge to postpone buying stocks until after the market crash is over or until the bottom has been reached.

Don't reach for market bottom: Investing over time

Odds are, when the bottom is in, you will have no idea. There have been a number of bear market rallies enjoyed by the S&P 500 this year. They've been traps for the bulls and there could be more to come in the second half. Indeed, in bear markets, such bounces tend to be akin to the corrections in bull markets. Just as dip buying works in bull markets, lightening up on risk may work in bear market bounces.

With markets already fearful of the Federal Reserve, I'd argue that it's time to skew bullish. Inflation is hot and rates will rise. However, inflation may back down without the need for too many rate hikes. Indeed, the bond market was bid up, driving bond yields lower in the back half of last week. Could it be that the bond market is signaling what's to come for stocks?

Perhaps. In any case, bond markets can be wrong in a big way, too. And it's not worth predicting over the near term. Instead, investors should buy well-run firms that are well equipped to navigate through a more challenging environment. It's that simple. So, long-term investors should keep it simple with their

TFSAs, instead of jumping in and out based on noise and shallow projections of the near future.

Keeping your TFSA wealth intact

Currently, there are plenty of market bargains. **Intact Financial** (TSX:IFC) seems to be one of my favourites at this juncture for its stellar management team and risk-averse approach relative to rivals.

At writing, IFC stock goes for 15.78 times trailing earnings, with a 2.2% dividend yield. That's not exactly a steal, but it's a great deal nonetheless for one of the best insurers in the country. Unlike the lifecos, Intact's main business is property and casualty, which tends to be more recession resilient than life insurance. Life insurance is viewed as a "nice-to-have" by many. It tends to be harder to sell when times are tough. P&C insurance, though, is a must-have, regardless of how cash-strapped consumers are.

It's this resilient nature that leads me to believe that Intact is a market bargain starring TFSA investors in the face. The stock is down just over 3% from its high –hardly a dip. However, just because a stock has plunged by 50-60% does not mean shares are undervalued. On the flip side, a stock near highs is not necessarily overvalued. As Intact continues powering forward, I think it will be tough to keep its stock from plunging, even as the rest of the TSX does.

CATEGORY

1. Investing

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1. TSX:IFC (Intact Financial Corporation)

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Author
joefrenette