



## Beginner Investors: 1 of the Best Stocks to Buy Before the Next Bull Market

### Description

Beginner investors should view market sell-offs, not as setbacks, but as opportunities to grab high-quality companies at solid discounts. Over the long run, this sell-off is less likely to be as ground-shaking as it feels right now.

Even if bearish pundits tell us things could get worse, there's hope. Market momentum can always accelerate. At the same time, it can quickly reverse. Arguably, the risk/reward is far better today than just a few short months ago when valuations were still at a high point.

This past week's winning streak should not be discounted as just another bear market bounce (we've had more than our fair share over the last six months!) Eventually, a sustainable relief rally will ensue, and beginner investors won't be able to turn back the clock to take advantage of market bargains. They will need to "chase" stocks or buy back what they sold at much higher prices.

### Beginner investors: Think longer term!

Acting on emotions doesn't help anyone through difficult market environments. Instead of focusing on nearer-term noise and trying to make sense of what everybody else is worrying about, it can pay dividends to think about the bigger picture. Think about how markets will fare in the next 10, 15, or 20 years. Will this 2022-23 bout of turbulence end up being a tiny blip in the rear-view mirror? Odds are, you won't be able to point to the current market sell-off on a chart 10-20 years from now.

So, instead of letting your emotions get the better of you, focus on finding companies that have what it takes to come roaring out of the gate. This [bear market](#) won't last forever. It will eventually fade out, and a new bull market will take its place.

At this juncture, I think many cyclical firms are oversold and could experience the greatest upside once a recession is made official and markets can finally focus on recovery.

## Leon's Furniture: A well-run retailer with a dirt-cheap multiple

Consider **Leon's Furniture** ([TSX:LNF](#)), a Canadian furniture retailer that lost over 40% of its value from peak to trough before bouncing back to roughly \$16 per share. Indeed, demand for big-ticket purchases is bound to fall when faced with a rate-driven economic slowdown.

As shares hit the brakes, it's possible that the stock has overshot to the downside. In essence, a garden-variety recession may be baked into the stock, paving the way for upside. Especially if the coming recession ends up being "short-lived," as RBC analysts expect.

At writing, shares of LNF trade at 6.6 times trailing earnings, 0.4 times sales, and 3.6 times cash flow. That's bottom-of-the-barrel pricing as far as I'm concerned. The dividend is a swollen but safe 3.92%.

## Decent Q1, but challenges lie ahead

In Q1 2021, Leon's did a stellar job of overcoming inflationary pressures. Total system sales came in at \$662.9 million, up from the \$598.1 million in Q1 2020.

Leon's President and CEO Mike Walsh was "pleased" with the Q1 results, and remarked on the firm's moves to "minimize the impact of higher freight costs."

Though Walsh warned that supply chain and inflation headwinds "are likely to persist through 2022," the firm views its scale and omnichannel strength as distinct advantages that will foster resiliency through challenging times.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:LNF (Leon's Furniture Limited)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

### PP NOTIFY USER

1. agraff

2. joefrenette

**Category**

1. Investing

**Date**

2025/08/14

**Date Created**

2022/07/25

**Author**

joefrenette

default watermark

default watermark