1 of the Best Undervalued TSX Stocks to Buy While the Canadian Market Is Down

Description

The Canadian stock market may follow in the footsteps of the broader S&P 500, as it looks to flirt with a bear market (that's a 20% drop from peak to trough). Indeed, there are many attractively valued TSX stocks across the board amid the market's latest pullback.

With investor anxiety at highs not seen since the depths of June 2022, I'd argue that now is as good a time as any to be a net buyer of securities. Undoubtedly, it's hard to tell what's undervalued and what's not, given the magnitude of economic disruption and corporate earnings decay that could be in the new year. Regardless, long-term investors need not worry about what's to happen next month, next quarter, next year, or even the next couple of years. At the end of the day, investing is a game that's won by those with extended horizons.

Before getting into the world of investments, you should know that the price of admission is dealing with the inevitable bumps (and sustained slides) in the road. The price you're paying is mostly a psychological one, but one that grants you the best returns in town over the extended duration. With bear markets, corrections, and all the sort thrown in, it's investors who buy such declines that tend to accelerate their long-term wealth creation.

If you're a long-term investor, this bear market is nothing to panic about!

So, if you're focused on the next 25 years, forget about worrying what most others are worried about. The Fed, inflation, and rate hikes are all detrimental to near-term investors and traders. But for those looking to retire in the 2030s or 2040s, the recent bear market is less meaningful. And it's likely to be one of many on your journey to retirement.

With the Canadian stock market in a rut over reset expectations ahead of a recession, estimates seem to have been lowered such that any modest beat could mean tremendous gains for investors. Now,with rates of the rise, it's vital to stick with what you know. That means companies that can continueraking in cash flows during and after a recession.

Consider shares of **Spin Master** (TSX:TOY) while it's in a funk.

Spin Master: A Canadian stock market bargain!

Spin Master is more than just a toy company; the firm is making a big move into digital games, a segment that could enhance margins over the long haul. Indeed, Spin Master has a strong roster of brands, with Hatchimals, Paw Patrol, and even Rubik's Cube. We've witnessed the popularity of Paw Patrol in the new hit show and video game. Now, Spin may look to bring out the best in its brands with its own intriguing digital experiences. The power of Spin's brands, I believe, is being discounted ahead of a recession year.

The stock trades at just shy of 11 times trailing price to earnings. Obviously, there's some earnings erosion baked into the share price here. As Spin continues innovating, though, the firm is likely to come out of the downturn stronger than before. With a solid management and more than $200 million worth of cash on the balance sheet, look for Spin to pursue bargains in the toy space, as it looks to bolster its arsenal of brands.

The stock is down more than 13% year to date and seems ready for a bounce back ahead of a holiday season that has some pretty low expectations set by analysts.

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