Market Selloff: How Canadian Beginners Should Invest

### Description

Today, rates are climbing, and downside has hit almost every asset class out there, even "safe" ones like bonds and gold. Cash is also losing ground to 7% inflation. Meanwhile, your average stock has shed around 25% of its value since the start of the year. With such pain felt across all fronts, it may seem like investing is just a way to amplify your pain.

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While 2022 has been an abysmal year for stock and bond investors (60/40 investors are likely feeling immense pain today), it's worth noting that these unprecedented conditions won't last forever. The last severe recession (in 2008) was horrid, wiping out trillions in wealth in a matter of months. But one of the best periods of economic expansion followed the downturn. If you held on for a few years, you not only recovered, but you likely thrived. And it didn't matter if you picked your own stocks or bought the market averages.

## 2023 may be a recession year, but it may also be a year of relief rallies

Now, 2008 comparisons are sure to come in, scaring the wits out of investors. While I don't think the next downturn will be nearly as bad, I'd argue that the upside and expansion that could follow the "reset" could be just as profound as the bear market fall it follows.

With 25% in downside in the S&P 500 already endured, we may be closer to a turning point than more of the same. Once the bull is set loose, it will roar so fast such that the gains will only be rewarded to those who held on before the fact. In times like this, we must consider upside risks while others concern themselves with downside risk, limiting losses and hoarding "risk-free" assets that aren't as risk-free as they used to be.

In such a hostile climate, it can pay dividends to stay the course. As an investor, you've got a job to do. And that's to build wealth by your expected retirement date. If you did get in the game with a multi-year horizon, you need not worry about this bear market. The only ones who should be worried are the speculators or traders seeking to make money over the next year or less.

## CN Rail: Betting on a post-recession recovery

At this juncture, I like quality firms that have histories of recovering quickly from recessions. Think **CN Rail** (TSX:CNR)(NYSE:CNI), a railway titan that hit a blip in 2008, but winded up soaring in a way such that the crash is no longer as visible when looking at the longer-term chart.

Indeed, CN Rail took a hit, just like every other stock during the 2008 market crash. Once the tides turned, though, CN Rail was ready to reward investors with multi-bagger gains in the years and decades that followed. CN is a blue chip that can't be kept down for long. Its moat is too wide, and its economic profits tend to surge once the economy is ready to grow again.

With CN Rail stock down around 11%, I'd pounce at the opportunity to buy. It may have more room to fall, but in the long haul, odds are that it'll be well higher, dwarfing the 2022-23 selloff that will likely be unremarkable in 10 years from now.

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