



3 “Black Friday” Value Stocks for Your Portfolio

Description

Although it started out as an American tradition, Black Friday has quickly become a big deal in Canada.

In 2013, according to a report by DIG360 Consulting, a firm which tracks consumer trends, approximately 27% of Canadians took part in Black Friday, with numbers expected to be up a little in 2014. This doesn't seem like much, but keep in mind that Black Friday in Canada didn't really exist until 2010.

There are numerous critics to the annual event, voicing concerns like how Black Friday just intensifies the consumer culture we've created. Or, as most shoppers can attest, the shelf life on the really good deals is mere minutes. I found that out the hard way last year, after missing out on a cheap TV because I logged on to the website at 12:03am.

Fortunately, these three value stocks are so cheap, they're practically Black Friday door-crasher specials, but without the rush. Let's take a closer look.

Penn West Petroleum

It hasn't been a good year for **Penn West Petroleum Ltd.** (TSX: PWT)(NYSE: PWE). Heck, it hasn't been a good decade.

The company has been plagued with operational issues, ill-timed acquisitions, a lack of focus, a dividend cut, and finally, in the summer, an accounting scandal. Now that the price of crude has fallen off a cliff, Penn West is seen as one of the weaker links.

Lately, things are improving. The company has been selling off non-core assets in an effort to pay down debt. So far \$1 billion worth of assets have been shown the door, with more to come in 2015, assuming the market cooperates. Among them are two joint ventures the company signed with Asian producers in 2010, which at the time were worth nearly \$1.7 billion.

Currently, Penn West trades at just a fraction of its tangible book value, which is more than \$11 per share. The company is confident that its investments in three western oil fields — Cardium, Viking, and

Slave Point — will start to pay off to the tune of 13% annual production growth through 2019. Current production stands at approximately 106,000 barrels per day.

Management is also aggressively cutting costs. Cash costs have fallen 23% under new CEO David Roberts's watch, and the workforce has declined from 2,400 to just 1,100. If oil recovers quickly, Penn West could be a huge winner.

Kinross Gold

Compared to Penn West, **Kinross Gold Corporation** ([TSX: K](#))([NYSE: KGC](#)) has far fewer problems. Unfortunately for the company, they're really big.

Like all other names in the sector, Kinross has suffered as the price of gold has declined. Although the price of the yellow metal has rebounded somewhat lately, gold's outlook is still fairly bearish.

Kinross also gets approximately 25% of its production out of two mines in Russia. With relations strained between Canadian and Russian leaders, investors are concerned that one day Vladimir Putin may respond by seizing Kinross's assets in the country. That would obviously be a big blow.

But Kinross is still a good operator. It is able to squeak out a small profit with gold at \$1,200 per oz, and it's sitting on some significant gold reserves. The balance sheet is also solid, with a manageable amount of debt and a solid cash position.

Hudson's Bay Company

Here's how savvy the management team at **Hudson's Bay Company** (TSX: HBC) is.

Last year, it acquired Saks Inc. for \$2.9 billion. With it came some pretty valuable real estate, including Saks headquarters and flagship store in New York City.

Recently, the company had the Saks building appraised for \$3.7 billion. It's as if Hudson's Bay got paid \$800 million to take the business. The company used the opportunity to borrow against the building for 20 years, cashing out \$1.25 billion in the process.

Analysts have estimated that the company's real estate empire is worth approximately \$35 per share. Management is well aware of this, and has been hinting at spinning out its real estate assets as a REIT. Although shares have done well lately, there's still plenty of potential upside even from these levels.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:KGC (Kinross Gold Corporation)
2. TSX:K (Kinross Gold Corporation)

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