



## Steal Alert: 3 Undervalued Stocks I'd Buy Right Now

### Description

The well of undervalued stocks is starting to run dry after the incredible first-quarter rally that brought us close to the highs experienced before the Trump Slump, Powell Put, or whatever you want to call that nasty October-December market plunge that, like the Grinch, ruined Christmas morning for most investors.

Despite the run, there are still [dirt-cheap](#) names out there that I believe possess significant margins of safety alongside above-average upside potential.

### Spin Master ([TSX:TOY](#))

The U.S. bankruptcy of Toys “R” Us had a [detrimental impact](#) on the toy industry. The loss of the largest North American toy retailer essentially left a huge void within the industry that was doing quite well otherwise. Add exaggerated fears of recession into the equation, and Spin Master stock has been tail-spinning into the abyss.

At the time of writing, the stock is down over 34% from all-time highs and trades at a 17.7 forward P/E, a 4.5 P/B, and a 1.8 P/S, all of which seem to indicate that Spin Master’s high-growth days are behind it. That’s not the case. The company just found itself in the wrong place at the wrong time, but fortunately, I think the worst is in the rear-view mirror.

Spin Master has several catalysts that could result in surprise beats that could send the stock correction sharply to the upside. The way I see it, unfortunate circumstances have allowed investors the opportunity to capture a double-digit grower for the price of a stalwart.

### IA Financial ([TSX:IAG](#))

The financials have been the sector to avoid over the past year. Everything got struck as economic growth projections flopped, with medium-term rate hikes now entirely off the table.

IA is a diversified insurance company that has been free-falling since the start of 2018. While shares have bounced back considerably from the December bottom, the stock remains cheap at 8.7 times next year's expected earnings with a mere 0.6 times sales multiple.

The healthy dividend yields a mediocre 3.23%, which is on the low end for the Canadian insurers, but given the extremely conservative payout ratio of 28.4% and the healthy balance sheet, I see continued dividend hikes happening, despite the macro pressures that are up ahead.

IA stock isn't a steal as it was a few months ago, but it's still incredibly cheap such that investors could score significant alpha from the name.

## Cenovus Energy ([TSX:CVE](#))([NYSE:CVE](#))

Alberta's oil patch found itself between a rock and a hard place with WCS prices falling off a cliff late last year. Now that WCS prices have had a chance to recover, the heavy crude plays like Cenovus have been off to the races again.

As the transportation capacity eventually improves over the next few years, we can expect to see a further narrowing of the WCS-to-WTI price gap, and that'll be a boon for the out-of-favour Canadian energy companies that have been hovering around in limbo for quite some time now.

One of my favourite rebound candidates is Cenovus, which is currently down 68% from its 2012 highs. The company has made progress with its lower-cost solvent-aided processes, which could allow it to turn on the taps on more projects since they'll all be marginally more economical than they once were. With a tonne of landlocked assets just waiting to be drawn from, I see Cenovus as a goldmine with a capable management team and a compelling plan to grow more efficiently, regardless of where oil prices are at.

The stock trades at just 0.9 times book and 0.7 sales. That's a bargain, plain and simple. And if you're like me and are bullish on an Albertan recovery, I'd back up the truck today because shares could realistically double from today's levels. It's very rare that you get the opportunity to pick up a business as compelling as Cenovus at less than book, so I'd get some skin in the game right now if you haven't done so already.

Stay hungry. Stay Foolish.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. TSX:CVE (Cenovus Energy Inc.)
3. TSX:IAG (iA Financial Corporation Inc.)
4. TSX:TOY (Spin Master)

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