$1,000 Is All You Need to Buy This Dirt-Cheap TSX Stock

**Description**

If you've got an extra $1,000 to invest, you may want to look to some of the hard-hit areas of the **TSX Index** for deep value. You could enjoy sharp gains in the event of an upside correction as the Canadian economy inches closer to re-opening. Just steer clear of the stocks that are at ground zero of the coronavirus (such as travel and leisure stocks).



## A liquid toymaker that's fallen into a tailspin

Consider shares of mid-cap toymaker **Spin Master** (TSX:TOY), which has suffered a massive fall from grace amid a never-ending storm of adverse external events.

In addition to industry headwinds, the company has stumbled because of some questionable management decisions. I thought the company lacked the operational leadership to make it to the next level. Inefficiencies in the supply chain also undermined the firm's incredible ability to innovate.

With the coronavirus causing more disruption to the supply chain, Spin looks like a dud of an investment that investors should be taking a rain check on. The company's guidance was withdrawn just over a month ago, and with profit growth a giant question mark for the year, some may view Spin as more of a speculation than a sound investment.

## Deep value

I believe there exists a price where every stock, even the most troubled ones, becomes a buy. In the face of considerable uncertainty, you're going to want a massive margin of safety and ample liquidity. Spin, I believe, has both. It is in a position to come roaring back once the economy inches closer to pre-pandemic normality.

At the time of writing, Spin stock trades at 1.77 times book value. This is ridiculously low, considering the firm is capable of sustaining high-ROIC double-digit growth in a normal economic environment. With a recession looming, Spin faces a long road back to the top, but with the stock off 70% from its high, I think shares have baked in more than just a recession.

At the March bottom, Spin stock lost over 80% of its value. Such a massive decline seems to suggest that Spin is in danger of going belly up amid the seemingly insurmountable headwinds. This doesn't make any sense given Spin's remarkably strong liquidity position.

Spin sports a 1.36 quick ratio, with barely any debt on its balance sheet. While Spin doesn't have deep pockets like its bigger brothers in the toy industry, it has more than enough liquidity to make it through these dark times.

## Foolish takeaway

There is a tonne of uncertainty with a mid-cap discretionary play like Spin. But I believe its stellar balance sheet and terrific portfolio of brands (Hatchimals, Gund, Paw Patrol, etc.) make the stock a worthy deep-value bet for long-term investors in spite of the significant uncertainties.

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