
# If You’ve Got $6,000, Buy These 2 Canadian Value Stocks Now

## Description

If you’ve got extra cash to put to work but are wary amid the unprecedented uncertainties surrounding the coronavirus pandemic, you may want to pick your spots carefully by opting for deep value stocks rather than names that have gotten ahead of themselves amid this bear market rally.



In **Berkshire Hathaway**‘s 2020 annual shareholders meeting, Warren Buffett urged investors to “bet on America,” but to do so “carefully” given the tremendous uncertainties in this coronavirus-plagued market.

Similarly, with **TSX**-traded stocks, investors should look to bet on Canadian stocks while also being cautious, as the recent bear market rally may not be as sustainable as most bulls believe.

While stocks could suffer a quick reversal of momentum, there are ways to limit your downside while tilting the risk/reward trade-off in your favour. Many battered value stocks already trade at a discount to their intrinsic value, making them stellar buys even as the markets surge to multi-week highs.

I’ve narrowed the list to two value plays that investors can feel comfortable buying today, even with the numerous risks that are still plaguing this market. Without further ado, consider the following:

## Alimentation Couche-Tard

**Alimentation Couche-Tard** (TSX:ATD.B) is a defensive growth company with one heck of a balance sheet amid these unprecedented times. The convenience store kingpin that’s grown primarily through M&A over the years recently walked away from its pursuit of Caltex Australia despite putting in an incredible amount of due diligence.

I thought the move was to be applauded by shareholders, as management is still focused on creating value and not giving analysts on Bay Street something to talk about.

Value creation is what Couche-Tard is all about. With a rock-solid balance sheet, the company is not only in a position to make it through this pandemic, but it may also get a chance to scoop up a distressed competitor at a massive discount to its intrinsic value.

In any case, Couche trades at just 9.7 times EV/EBITDA, which is stupidly cheap given the high-ROIC defensive growth that the firm is capable of. Even if the stock market retests the March 23 lows, Couche is a strong buy here and now.

## Spin Master

**Spin Master** (TSX:TOY) has endured a massive fall from grace amid the coronavirus crash. The toymaker behind the much-hyped Hatchimals' brand is now trading at valuation depths I view as unsustainable.

Yes, Spin's supply chain is a mess, and there's still a tonne of baggage to deal with, not to mention the discretionary firm could suffer from a reduction in demand from the coronavirus-induced recession. But the stock has become so cheap such that the headwinds are already more than made up for in the current discount in shares.

The company holds a portfolio of wonderful brands and is in a position to come surging back once the economy makes a move back to normalcy, whenever that may be.



Shares of TOY trade at a mere 1.97 times book, the cheapest the stock has ever been. While it's difficult to gauge the extent of the incoming damage to earnings, on a price-to-book basis, the stock is far too cheap given the promising longer-term fundamentals.

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**TICKERS GLOBAL**

1. TSX:TOY (Spin Master)

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