Got $6,000 in Your TFSA? These 2 Battered Stocks Could Have Serious Upside

Description

If you've got $6,000 sitting in your Tax-Free Savings Account (TFSA), collecting absurdly low, even negligible, amounts of interest, it may be a wise idea to consider scooping up shares of some of the beaten-up plays out there.

Although the **TSX Index** has recovered nearly two-thirds of the ground lost in the coronavirus-induced plunge, there are still stocks out names in the depths that look undervalued and positioned for an upside correction.

Without further ado, consider the following battered stocks if you seek deep value and upside in an economic recovery.

Spin Master: TFSA value pick

Spin Master (TSX:TOY) is a toymaker that I believe is largely misunderstood by Main Street. The stock cratered over 80% from peak to trough on company-specific issues (I previously noted that the firm lacked operational leadership), industry woes (Toys 'R' Us bankruptcy left a void in the toy retail market), and coronavirus pressures.

It's been the perfect storm of headwinds for Spin. And while considerable uncertainties lie ahead, longer-term TFSA investors have much to gain by buying shares at near rock bottom.

As a discretionary retailer with its fair share of problems, everything is stacked against it right now, with the coronavirus retail closures and the looming coronavirus recession.

The firms made some poorly-timed decisions (distribution centre consolidation), and it's been punished harshly by TFSA investors. With the stock trading at a ridiculous 1.9 times book, though, many are severely discounting the power to be had in the firm's portfolio of compelling brands (Paw Patrol, Hatchimals, etc.), as well as the firm's financial strength through these unprecedented times.

The margin of safety to be had at the name here is high and the slightest of improvements could be enough to send the stock doubling within a very short time span. The company has a front-row seat to a lucrative industry that will be on the mend over the next decade and beyond.

Air Canada: A worthy speculative bet

Air Canada (TSX:AC) needs no introduction to TFSA investors. It's been battered by government-mandated travel restrictions, and with its heavy overexposure to international flights, the company is at greatest risk of crashing revenues should another wave of coronavirus infections spark a closure of the Canadian border.

Make no mistake — Air Canada is a play on the timely arrival of an effective vaccine. With a better-than-average liquidity position over its U.S. peers, Air Canada has staying power.

But in a worst-case scenario, where this pandemic drags on past 2021, not even the best financial flexibility will be able to help Air Canada from nosediving back into the single-digits, potentially toward $0.

Unlike Spin, Air Canada is more of an all-or-nothing bet that lacks a margin of safety. If you're comfortable with such a high-upside speculation, AC may be a play worth considering with a small chunk of your TFSA funds.

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Author
joefrenette