



These 2 Dirt-Cheap Canadian Stocks Could Skyrocket in an Upside Correction

Description

Deep value investing isn't everybody's cup of tea. But for those with the right temperament, going against the grain with severely-battered stocks can come with [colossal rewards](#). Of course, you'll need to put in an ample amount of homework, so you'll be able to double-down on shares should they fall after you've bought them, rather than doubting your decision to invest in the name to begin with.

This piece will have a closer look at two of the more battered bargains on the **TSX Index**, with **ONEX** ([TSX:ONEX](#)) and **MTY Food Group** ([TSX:MTY](#)), both of which, I think, could post gains in excess of 50% within the next 18 months.

Both names may be dirt-cheap at today's levels, but that doesn't mean that can't have farther to fall over the short-term. This excessively volatile market could continue to punish both names, as COVID-19 spikes weigh on investor sentiment. But if you've got what it takes to be a deep-value investor, I'd consider loading up on the following names before they have a chance to surge higher.

ONEX

ONEX is a diversified investment manager that's historically beaten the TSX Index with ease. The firm got blindsided by the COVID-19 crisis, and shares have fallen drastically, now finding themselves down a staggering 34% and 44% from pre-pandemic 52-week highs and all-time highs, respectively.

I don't think management has lost its edge in the slightest. They're still capable of posting long-term market-beating results. The company just found itself in the wrong place at the wrong time, after acquiring Canadian airline WestJet at quite possibly the worst possible time, months before the global pandemic.

At the time of writing, ONEX stock trades at an insanely cheap 0.6 times book value. ONEX is unsustainably undervalued and is poised for a massive bounce out of this pandemic. In the meantime, ONEX could retreat further, and if it does, I'd be ready to take advantage of the opportunity to pounce.

MTY

MTY Food Group is a name that I've been a raging bull following the stock's unprecedented implosion back in the February-March market crash. MTY Food Group lost around 75% of its value in a matter of weeks. It was a scary situation that suggested that it was curtains for MTY, which is engaged in the business of quick-serve restaurants, with a focus on mall food courts.

Malls and food courts are among the last places people wanted to be when we first heard that the coronavirus crisis would crater the global economy. As it turned out, things weren't all as bad as they seemed in the heat of the moment. As a result, MTY bounced back over 150% in the following months in a rally that acted as a collective sigh of relief.

On Tuesday, MTY stock bounced 6.2% in a day following recent weakness in the stock going into the U.S. election. Although MTY isn't the same [steal](#) as when I recommended investors to back up the truck after the worst of the crash, shares of the food court staple are still meaningfully undervalued, with shares trading at just 1.7 times book value.

CATEGORY

1. Coronavirus
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:MTY (MTY Food Group)
2. TSX:ONEX (Onex Corporation)

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Date

2025/08/17

Date Created

2020/11/05

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