



2 Battered Stocks for a Shot at Big Gains in 2021

Description

The stock market has been steadily [climbing](#) higher in recent weeks on the back of the positive COVID vaccines news. With a new coronavirus strain spreading rapidly in the U.K., investors could have another chance to buy the dip before the next leg higher. With ample froth on this market, a 10-12% correction, I believe, would only be healthy, as investors focus more on the horrific near term and less about the brighter, more hopeful year that lies ahead.

Although vaccines are rolling out, it'd be unwise to neglect value and pay any price for the hottest reopening stocks. This piece will have a look at two attractively valued companies that I believe will grant investors above-average returns over the next 14 months. Each name is already so battered such that I don't think there's much in the room of downside, even if the markets correct on the next [negative surprise](#).

Consider WestJet owner **ONEX** ([TSX:ONEX](#)) and **Fairfax Financial Holdings** ([TSX:FFH](#)), two deep-value bets that could have a lot of bounce going into 2021.

ONEX

ONEX is a lesser-known investment manager that's taken a one-two hit to the chin during the COVID pandemic. Many of the firm's subsidiaries, most notably WestJet, were heavily impacted by the crisis. As COVID headwinds gradually begin to fade, I think ONEX could stand to be one of the biggest winners, as the reopening trade looks to heat up in the new year.

At the time of writing, the stock trades at 0.8 times book value. While shares aren't the same steal as they were before the curtain was pulled on the early-November vaccine breakthrough, I still think the name has ample upside, as the stock looks to command a price such that shares trade at a premium to their book value.

ONEX has many wonderful businesses under the hood and a management team with a stellar long-term track record. If you seek a deep-value bargain, look no further than the name.

Fairfax Financial

Led by the legendary Prem Watsa, a man we know as Canada's Warren Buffett, Fairfax should be put on your shopping list anytime shares dip considerably. While Watsa has had mixed results in recent years, I think it'd be foolish (that's a lower-case *f*) to rule out the potential for a rebound, especially if you believe that COVID will be conquered in 2021.

With shares of Fairfax down nearly a third from their pre-pandemic highs, the price of admission into the name is close to the lowest it's been in recent memory. Watsa is in a slump due to the COVID crisis. But as the tides turn, I wouldn't bet against the man, as he looks to make up for lost time in a post-pandemic world.

Like ONEX, Fairfax stock trades at 0.8 times book value. Not only is the stock cheap here, but the name is also a great way to lower your portfolio's correlation to the broader markets. With Watsa's unorthodox investment strategy, the stock is more likely to zig as the markets zag. While the beta has crept higher of late, I still think the stock is capable of outperforming come the next big market crash, as it did during 2008-09.

CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:FFH (Fairfax Financial Holdings Limited)
2. TSX:ONEX (Onex Corporation)

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