



## 2 Top Deep Value Stocks That Could Be Next in Line to Go Parabolic!

### Description

Deep value investing isn't everybody's cup of tea. Warren Buffett used to be a big fan of picking up so-called [cigar-butt stocks](#) with the hopes that there's one big puff left in them. Later on, Buffett realized that it's far better to scoop up shares of wonderful businesses at fair prices, rather than reaching for discarded cigar-butt stocks.

"It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price." Warren Buffett once said.

In this kind of [frothy](#) market environment, wonderful businesses at fair prices are starting to get scarce. But should you reach to the fair companies at wonderful prices? If you have a strong stomach, patience, and the willingness to put in the homework, I'd argue that yes, it does make sense to check out the deep-value plays. If you're looking to make a quick buck, however, the deep-value approach is probably likelier to lose you money than make you it.

As such, the following deep-value plays are only suitable for investors who are willing to hang in for what could be another several years' worth of steep ups and steeper downs.

Without further ado, consider ailing energy firm **Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)) and unloved Canadian toymaker **Spin Master** ([TSX:TOY](#)), two battered stocks that I think are too cheap for their own good, given the economic recovery trajectory that's likely in the cards for 2021.

### Cenovus Energy

If you want deep value and huge upside potential, sometimes you've got to look to the areas of the market that most have shunned. The continued rise of green energy and the secular decline of fossil fuels has many Canadian investors scratching Cenovus off their watch list. I think that's a mistake, given the severe undervaluation to be had in the name. Although CVE stock is wildly volatile and is perceived as dangerously risky, I'd argue that given the likelihood that shares have overswung to the downside that there's a pretty wide margin of safety to be had.

Cenovus is still hurting from COVID-induced pressures. But with the pandemic's end in sight, I'd argue that now is the time to punch your ticket into the recovery play, especially if you're like me and think the "bubbly" green energy scene is due for a painful correction at the expense of oversold fossil fuel stocks.

Cenovus isn't just one of the cheapest fossil fuel plays at 0.5 times its book value; it's also an innovator, with a solvent-aided process (SAP) that could decrease costs over the coming years. Cenovus's recent Husky Energy deal, I believe, was a bargain and would be unsurprised if Cenovus makes a run for the double digits (\$10) by the end of 2021.

## Spin Master

Spin Master is a magnificent company that's had more than its fair share of industry headwinds over the years. The bankruptcy of Toys "R" Us left a huge void in the toy industry, and the COVID-19 pandemic has been an absolute catastrophe.

To make matters worse, prior company-specific stumbles have left the company shorthanded at some of the most inopportune times. While I've described Spin as a company that lacks operational leadership, I continue to be bullish on its turnaround potential. The firm boasts an impressive lineup of toys, an encouraging new product pipeline, and a pristine balance sheet that opens doors for M&A opportunities.

With a potential post-pandemic discretionary spending boom on the other side of this pandemic, I think TOY stock is a must-buy on weakness, the stock could be headed to \$40 ahead of the next holiday season, as investors look to place their bets on what could be an unprecedented surge in consumer spending.

### CATEGORY

1. Energy Stocks
2. Investing
3. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. TSX:CVE (Cenovus Energy Inc.)
3. TSX:TOY (Spin Master)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

**Category**

1. Energy Stocks
2. Investing
3. Stocks for Beginners

**Date**

2025/08/21

**Date Created**

2021/02/01

**Author**

joefrenette

default watermark

default watermark