Eight Undervalued Opportunities Set to Double in 2026

Presented by:

Mayur Thaker, CFA
Equity Strategist
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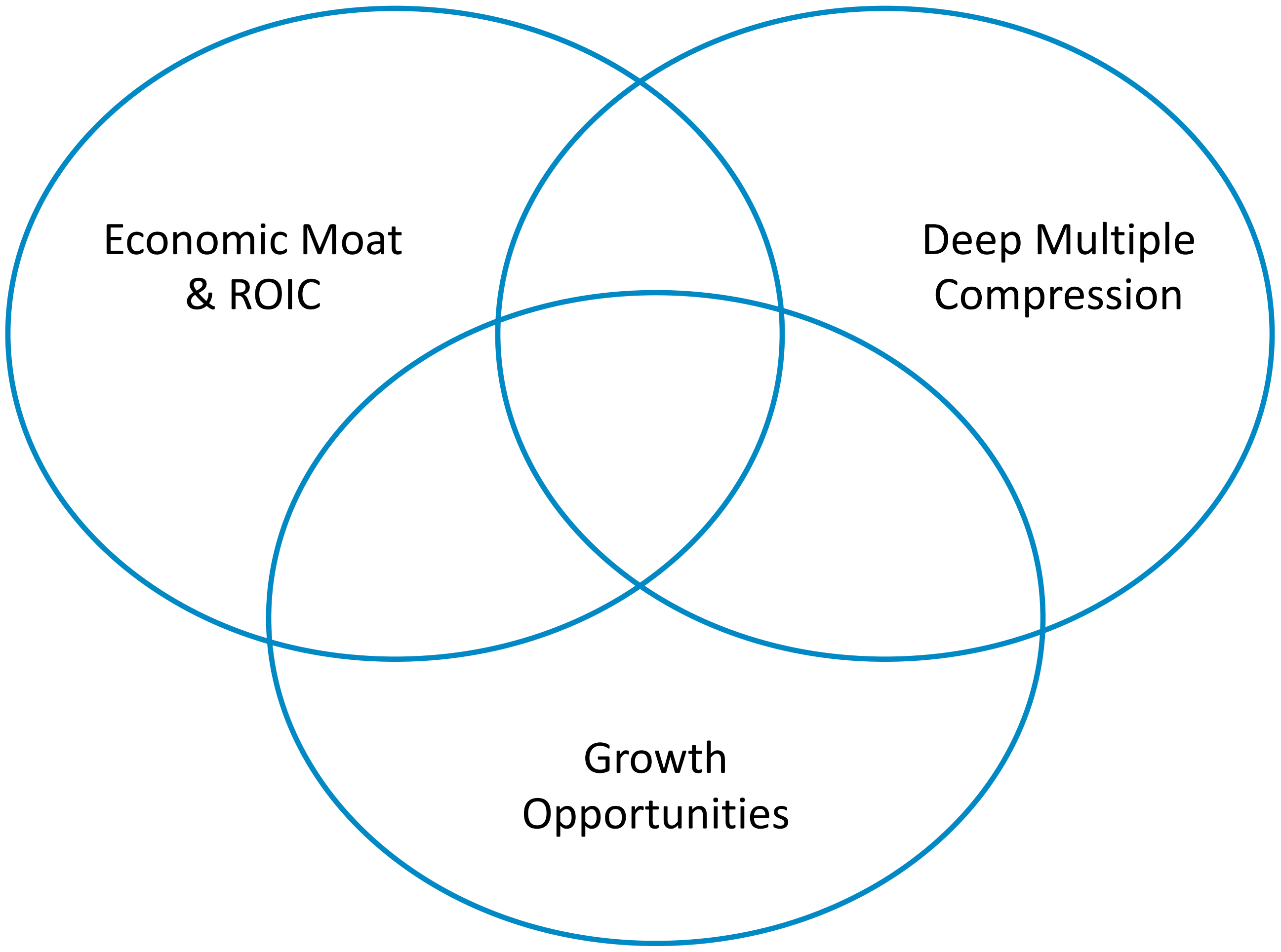
Value Investing Framework



1. Economic Moat helps increase our conviction that the business is protected against competitive threats and will stay best-in-class. High ROIC can be strong proof of this.

2. Deep multiple compression is often due to short or medium-term difficulty the company is facing. This may complicate earnings & ROIC during this period of difficulty, but still greatly increases the margin of safety, i.e. greatly lowered expectations implied in the stock's valuation.

3. Reasonable expectation of a stabilizing growth outlook.

Principle	Questions to Answer
Economic Moat	Are they best-in-class? Are they the first company to enter consumers' minds when asked about the product category? Are competitors considered worthy alternatives? Does the company consistently generate high ROIC?
Multiple compression	Deep compression in Shiller P/E down to levels seen at/near past major bottoms. Lower multiple on a lower earnings base, or lower multiple on a greatly reduced growth outlook.
Growth Outlook	Does the company make products that are still in demand? Are they discretionary, or staples? Are the products/services an indispensable part of existing lifestyle or business processes? Are sales & margins expected to rebound within a year?

When all three align, the stock experiences significant appreciation as returns are compounded by:

Earnings Growth * P/E expansion

Even boring companies achieving just 3-5% earnings growth and 1-2% sales growth can deliver enormous alpha if we buy them at a discount.

Following this 3-pronged approach greatly increases our chances of finding these undervalued opportunities.

But it requires a lot of patience, often waiting 1-2 years for stocks to put in a major cyclical bottom as the headwinds the company is facing come to an end.

Value investing is tricky because we don't want to rush in to 'buy the dip' when the headwinds are expected to continue for an extended period of time.

Eight undervalued opportunities I see in the market right now:

Celanese

Strategy

novo nordisk®

ENPHASE

Adobe

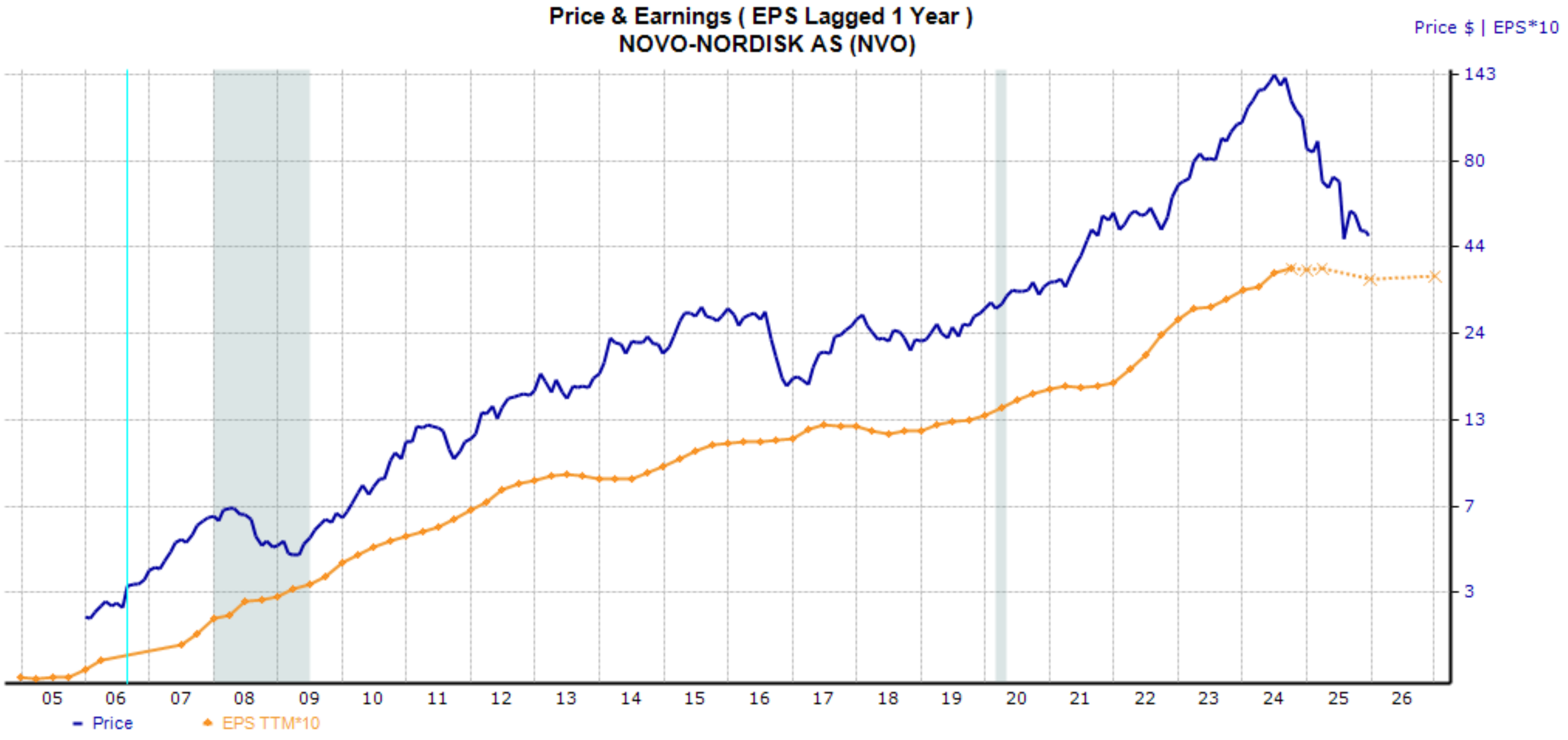
Albemarle

TEXAS PACIFIC
EST. 1888
LAND CORP.

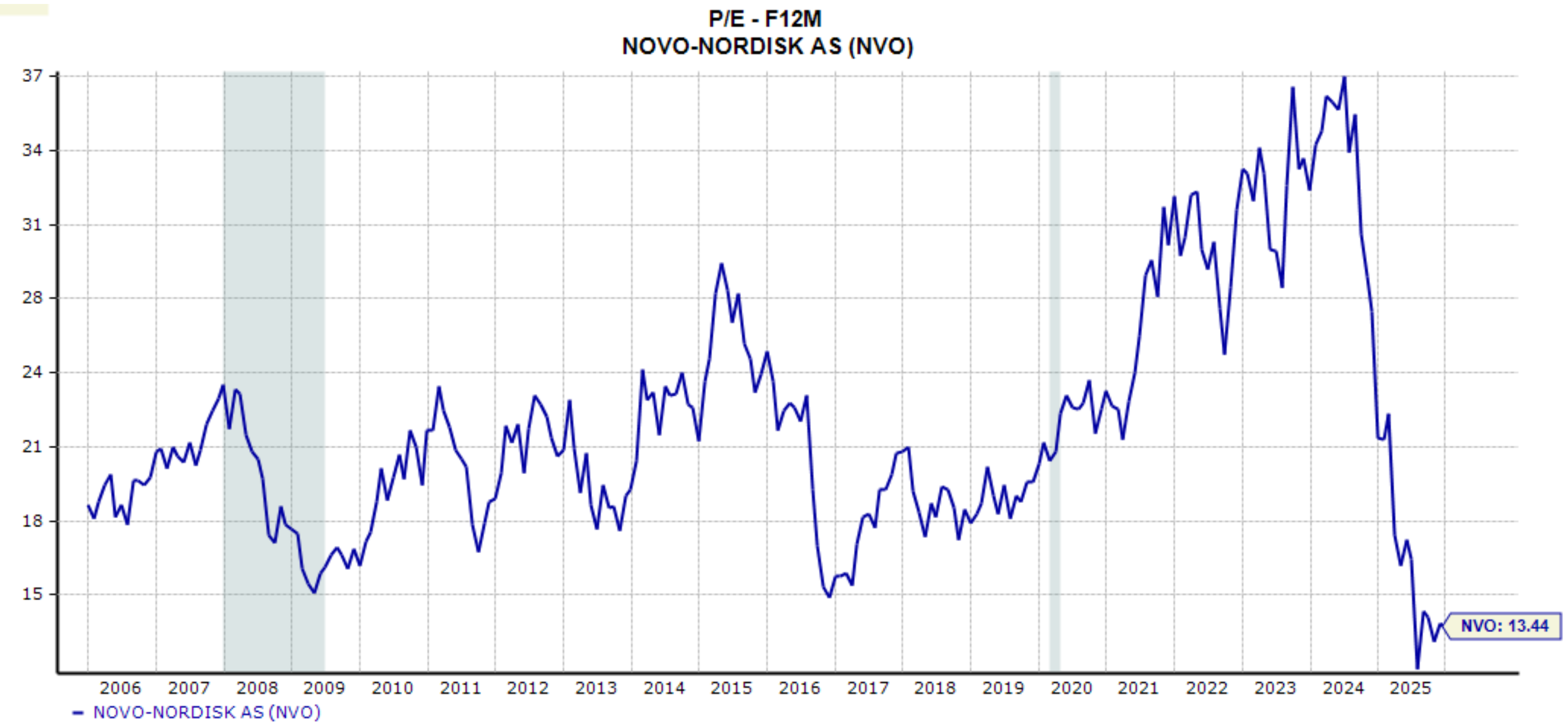
Copart

Novo-Nordisk

Shares down over 50% from its peak set in 2024 after the company cut guidance repeatedly with slower GLP-1 weight loss drug sales expectations to just 10-15% YoY due to intense competition from Lilly's Mounjaro. This triggered Novo to respond with 65% price cuts, which eroded margins. Further, the company reported failure to meet key endpoints for their experimental Alzeimers.



However, with shares trading at 13x steeply reduced forward estimates that reflect the new reality, the pharma giant trades at its lowest multiple in decades.



Title	High	Low	Median	Current	Start Date	End Date
NOVO-NORDISK AS (NVO)	37.07	11.60	20.99	13.44	12-31-2005	12-17-2025

While the company continues to grow core earnings through ongoing expansion of the existing, highly profitable diabetes & obesity franchise.

The stratospheric premium to its bitcoin NAV, which reached fever pitch in 2025, has entirely been erased.

mNAV = enterprise value (market cap + debt – cash) / bitcoin NAV.

Now that the premium is essentially zero, a bet on MSTR from today's prices is a leveraged bet on bitcoin.

50-100% premiums to NAV, like was the case for most of 2024-2025, was an extreme mispricing of a highly liquid security like bitcoin. That mispricing has now been corrected, in my view.

Celanese: a bet on a cyclical recovery of chemicals

Shares are extremely cheap relative to long-term trend earnings.

Softness in automotive and construction demand has blunted earnings, but the company has responded with $120m in cost savings, which has right-sized the company and is ready for a recovery in the topline with acetyl demand hitting a cyclical bottom in 2025.

Celanese is a key supplier for battery manufacturers. If electric vehicles re-accelerate in 2026-2027, shares are very attractively priced, in my view, at just 8x P/E using 2026 EPS estimates.

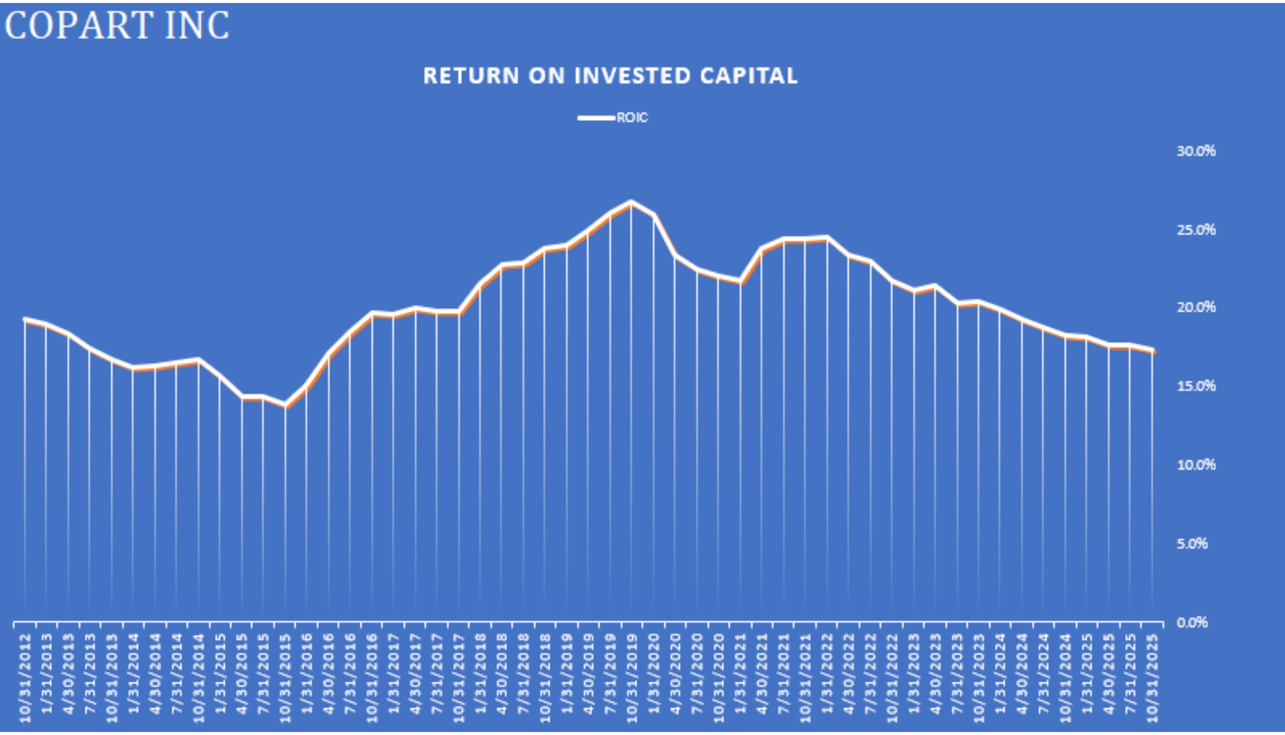
Copart: durable long-term compounder with a wide moat; shares on discount

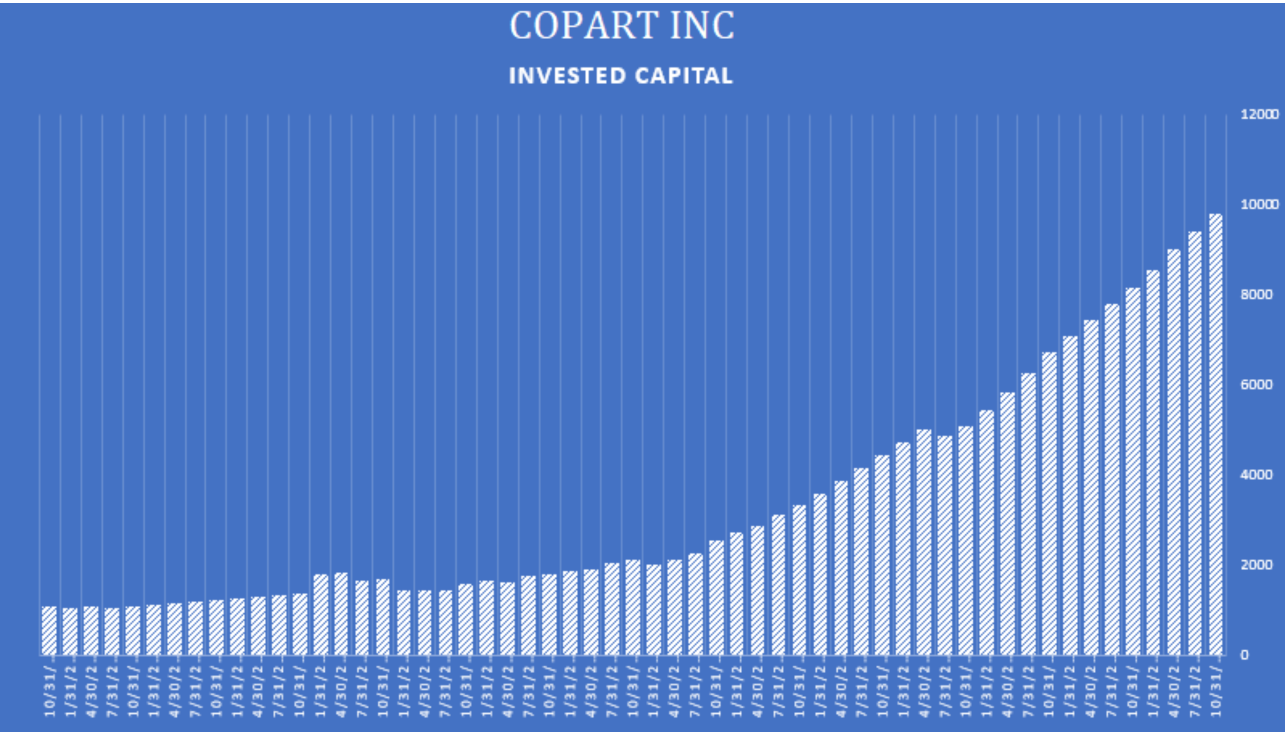
Used and salvaged vehicle auctioneer with a deeply entrenched moat due to long-term relationships with car insurers.

Also a real estate play with nearly 20,000 acres of land ownership in every major metropolitan area across the United States.

Shares down -40% from recent highs are an attractive buying opportunity.

Strong Reinvestment + High ROIC = Compound Growth Over Time

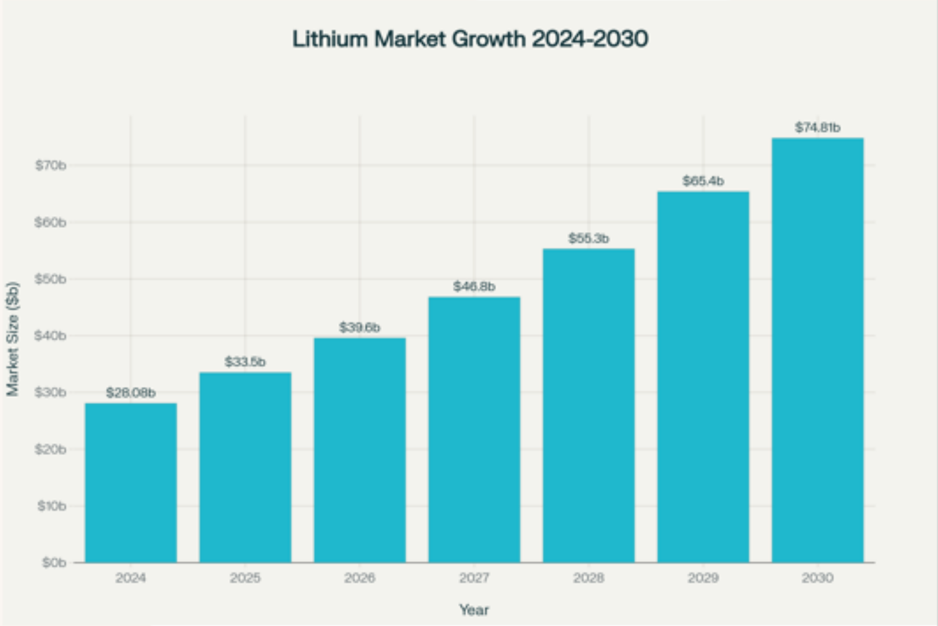




Albemarle: a bet on lithium demand recovery

Lithium Market: Explosive Growth Trajectory

- Global lithium market: $28.08 billion in 2024 → $74.81 billion by 2030 (18.2% CAGR)
- Lithium mining market specifically: $10.2 billion in 2025 → $15.1 billion by 2030
- By 2035: Market reaches $17 billion as lithium becomes cornerstone of clean energy
- Production surge: 192% increase since 2020 (82,000 MT to 240,000 MT in 2024)



Shares under pressure for 3 years, but lithium has hit a cyclical bottom and is ready for re-acceleration, in my view.

Shares remain extremely cheap given secular growth outlook over the next 5 years as electric vehicles & utility-grade battery storage systems continue to gain traction worldwide.

Low multiple combined with earnings acceleration.

Shares Reached Just 10x Normalized EPS, Still Attractive

Texas Pacific Lands: Energy + Unorthodox AI Play At An Attractive Valuation

TPL is Texas' largest private landowner with over 880,000 acres generating royalties from the oil & gas pipelines that run through their properties.

And now, they have begun diversifying from energy and into leasing property for the construction of data centers. This will unlock additional revenue at very high margins because it requires little capital outlays.

Shares down -50% from the highs represents a bargain entry level, in my view.

Enphase Energy: Deep Value Opportunity for the Best-in-Class Solar Company

Best-in-class residential solar technology with attractive business economics (15% EBIT margins) and ROIC (

Solar industry heavily impacted by interest rates as residential buyers must finance.

Rate hike cycle of 2022-2024 destroyed demand.

I believe that downturn is now complete, and shares remain extremely cheap while solar remains in a secular growth market over the next 5 years as electricity prices continue to soar.

Adobe: Priced for disruption by generative AI, but without evidence (yet)

Investors worry generative AI will push prices lower, pressuring Adobe's margins for key products like Photoshop and Premiere.

However, we still have not seen any evidence this has been harming the business, with record revenue in FY 2025, +11% YoY with continued Creative Cloud subscriber growth

Shares now trade at generational low multiple even as revenue & earnings consistently climb.

Strategy:

1. Deep multiple compression, which implies a pessimistic outlook
2. Presence of a wide moat?
3. Durable revenue stream and/or high likelihood the headwinds that led to the extreme multiple compression in the first place are dissipating?

Over the long term, it's hard for a stock to earn a much better return than the business which underlies it earns.

If the business earns 6% on capital over 40 years, and you hold it for that 40 years, you're not going to make much different than a 6% return — *even if you originally buy it at a huge discount.*

Conversely, if a business earns 18% on capital over 20 or 30 years, *even if you pay an expensive looking price, you'll end up with one hell of a result.*

— *Charlie Munger*

Thank You for Attending!

Mayur M Thaker, CFA
Equity Strategist
Zacks Professional Services
Support: 866.794.6065 | info@Zackspro.com

Twitter: @freshjiva
linkedin.com/in/mayur-m-thaker-cfa-86234235/

866-794-6065
strategycall@zackspro.com
www.zackspro.com

Zacks Professional Services
@ZATools