



3 Reasons to Buy BlackBerry Ltd.

Description

In technology circles these days, **BlackBerry Ltd.** ([TSX: BB](#))(NASDAQ: BBRY) gets about as much respect as an oil executive at a Greenpeace rally.

Over the past five years, the company's shares have lost a stunning 85% of their value. BlackBerry has surrendered most of its smartphone market share to rivals, and the financial media has completely written off the former technology giant.

But if anyone had bothered to notice, BlackBerry's new CEO, John Chen, is orchestrating an impressive turnaround. The company is once again on solid financial footing and there are several catalysts that could send shares higher. Here are three things the "iSheep" miss when discussing BlackBerry.

1. The stock is ridiculously cheap

The biggest mistake I see tech geeks make when they apply their expertise to investing: They don't understand the difference between a great company and a great stock. It doesn't matter how ugly a firm's fundamentals might be. A bad company can be a good investment if you buy it at the right price.

This is definitely the case at BlackBerry. [As I wrote about last week](#), at current prices the market is only valuing its patents, net cash, and service business. Mr. Market will throw in all the upside from BlackBerry Messenger, BlackBerry Enterprise Service 10, and the QNX operating system *for free*.

2. Handsets don't matter anymore

BlackBerry hasn't abandoned its handset business. That said, it isn't really about phones anymore. It has its eyes on a much bigger prize.

The company has positioned itself as a key player in the Internet of Everything, the connection of people and things to the Internet. While there might be up to 5 billion handsets in the world, there are over 500 billion devices. And according to **Cisco Systems, Inc.** CEO John Chambers, this new industry could be worth up to US\$19 trillion annually by 2020.

BlackBerry sees itself as a key player in this new world. To put it simply, the company wants to be the connective tissue in the larger Internet of Everything nervous system, creating the infrastructure needed for all of these devices to talk to one another. And given BlackBerry's reputation for security, no other company is better positioned to capture this emerging market.

3. The smart money is buying

The world's smartest money managers are backing BlackBerry's turnaround. Based on recent SEC filings, a number of respected hedge fund investors — including Spencer Waxman, Irving Kahn, and Nelson Obus — increased the size of their stake in the company last quarter. Billionaire money manager D.E. Shaw has also accumulated a US\$46 million position.

What could have all of these Wall Street bigwigs so excited? I'd say it could only mean one thing: They see a giant rally ahead.

CATEGORY

1. Investing
2. Tech Stocks

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2. TSX:BB (BlackBerry)

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