1 Undervalued TSX Tech Titan to Own in a TFSA Freedom Fund Forever

Description

The markets have been stomach-churning of late, and while I'm sure you're unhappy with your portfolio's performance over the last few months, the value investor within should be rejoicing. The stocks of high-quality businesses are substantially cheaper than they were this summer, and in many instances, these businesses are doing better than ever.

The recent bout of volatility has opened up an opportunity for those with cash to purchase stocks at fairly wide discounts to their intrinsic value, something that's hard to do when stocks are all the rage. When fear is in the air, the degree of market efficiency is lower than where it normally is because of the loss-averse behaviour of the aggregate investor.

When it comes to the damage already done, tech stocks have been down in the ditches. While they'll likely continue to falter in the months ahead, I think it's worthwhile to begin nibbling on a position today before the financial results start to dictate the trajectory of their stocks once again.

So, if you're looking to do some late Black Friday shopping, consider adding **Kinaxis** (TSX:KXS) to your cart pronto.

SaaS and cloud stocks have taken the biggest hit on the chin in the recent tech wreck, which is part of the reason why Kinaxis was among the biggest of TSX losers over the last few months.

At the time of writing, the stock is down 32% from its all-time high reached in summer. Although it may seem like the company is at risk of falling to the competition following the release of its somewhat startling Q3 2018 results that saw top-line numbers come short of expectations, I believe the results were actually more benign than investors may believe.

I think it's a case of bad timing for Kinaxis, which is experiencing delays to some of its European deals that may be closed in the next quarter. Moreover, Kinaxis' recent accounting changes appear to be conservative in nature and could lead to amplified earnings numbers in future quarters, as fellow Fool Brian Paradza noted in his summer piece.

Foolish takeaway

Kinaxis took an unfair hit to the chin due primarily to the unfortunate timing of the less-than-stellar Q3 results released in the midst of an industry-wide tech wreck. I suspect there's more pain ahead, but if you can dollar-cost-average (DCA) your way into a position, you'll likely do very well over the longer run after this tech wreck comes to an end.

The third quarter wasn't great, but it wasn't abysmal either. I believe management is being overly conservative, but given that, I don't think investors care at this juncture. Anything tech, SaaS, or cloud-related seems to be a sell right now, and I suspect it'll remain this way until the broader markets can stabilize.

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