A Top Value Stock to Double Your Money Without Doubling Your Risk

Description

Doubling your money over the shortest time span possible can be a very risky endeavour, as it leads many investors towards the path of speculation.

Here at the Motley Fool, we're all about long-term investing and less about speculating on the short-term fluctuations that inevitably happen on a day-to-day or week-to-week basis.

Beginner investors shouldn't seek to double their money quickly, but for those seasoned investors with enough patience and conviction to hold their investments as they fall in price over the short-term, there are terrific deep-value plays on the **TSX** that could allow you to realistically double your money without requiring you to double your risk.

When it comes to investing, the risk/reward trade-off should always be on your mind. Otherwise, you may be speculating, and you could get hurt in a hurry by the value traps there lurk out there.

Of course, you'll bear a higher degree of risk by opting to go with a name that has near-term upside potential. But to limit your potential damages, you should look to established, misunderstood businesses that have already lost the confidence of impatient investors.

Consider shares of **BlackBerry** (TSX:BB)(NYSE:BB), a difficult-to-understand company that's faced challenges on the road to its transformation into an enterprise software service (ESS) developer.

The stock chart may suggest that BlackBerry's transformative efforts have ultimately failed, but for those with a time horizon that spans more than just a few years, it's clear that BlackBerry is still on the right track despite the unfortunate bumps in the road.

BlackBerry delivered three straight quarters of sub-par ESS growth numbers. Given all the complexities added by recent acquisitions, however, I don't think it's fair to dismiss the company as a dud just yet, even given the unfortunate trend.

The scale of BlackBerry's transformation is massive, and it could take more years before the company is where it wants to be as an ESS player.

BlackBerry still has stellar assets and management team (led by John Chen) that's more than capable of turning the ship around.

In time, I do see significant multiple expansion to be realized once BlackBerry can stop its streak of underwhelming growth in its ESS segment.

The stock is trading at a rock-bottom price, and many analysts have modest expectations for the year ahead. Given this, I do see the stage as being set for a big bounce if BlackBerry can show a bit more consistency.

Although BlackBerry seems to have a considerable margin of safety at this juncture given its depressed valuation, I highlighted the risk that investors could unknowingly overstay their welcome in a stock that could be destined for nowhere given the volatile and tough-to-understand nature of BlackBerry's business.

"Warren Buffett says you should own businesses that lie within your circle of competence," I noted in a prior piece.

"As BlackBerry grows more complex, with setbacks, acquisitions, baggage, and all the sort, many investors are undoubtedly beginning to see the stock to wander outside of their circle."

If you've got the time to put in the homework, BlackBerry is definitely a business that you could learn to understand over time.

Once you've got a firm grasp of the business, you can get a better gauge BlackBerry's intrinsic value and not let short-term fluctuations influence your stance in the choppy stock of a company that could rocket higher or plunge without a moment's notice.

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