Undervalued: These 2 TSX Stocks Are the Cheapest They've Been in Over 8 Years

Description

Many skeptics, strategists, and so-called pundits have been skeptical of this rally all the way up, as the fundamentals deviated away from the trajectory of stock prices. Call it the most hated market rally of all time if you want, but the U.S. Fed has our backs as investors. And they're not afraid to use their arsenal of tools to limit any excessive downside should this pandemic worsen.

For investors, now is as good a time to put any cash to work, as interest rates hover around zero, while the stocks of many companies still trading at undervalued multiples. Given no rate hikes are on the table over the next two years (and potentially beyond), stocks may be more undervalued than they seem on the surface.

The **TSX Index** is still chock full of value, even after the incredible multi-month relief rally. This piece will have a look at two top dirt-cheap stocks that are close to the cheapest they've been in over a decade.

Leon's Furniture

Leon's Furniture (TSX:LNF) is a discretionary play that investors have been dumping to prepare for the coronavirus-induced recession that we currently find ourselves in. As you may know, such cyclical stocks tend to take "double damage" during economic downturns. Coming out of slumps, however, such names tend to experience amplified gains, as stocks rally out on the back of a new bull market.

While there's no telling how severe this recession will be, given the unprecedented magnitude of fiscal and monetary stimulus, many think that a V-shaped economic recovery could be in the cards as we rise out of this pandemic. If that's the case, Leon's is a stock that could surge, as sales of big-ticket discretionary goods recovers.

And if this recession lasts longer than most think? Leon's could continue to face a bit of pressure, but the stock is already priced with absurdly low expectations in mind, with shares trading at 1.07 times book and 4.7 times EV/EBITDA, both of which are the lowest they've been since the depths of the Great Recession.

If you're looking for a deep-value play to buy and hold, consider locking in the 3.7%-yielding dividend on Leon's stock today while it's close to the cheapest it's been in recent memory.

BlackBerry

BlackBerry (TSX:BB)(NYSE:BB) stock recently got the boot from the blue-chip **S&P/TSX 60 Index** thanks to a prolonged period of underperformance, as rumours continue to swirl over a potential takeover.

There's no question that BlackBerry stock has been a significant destroyer of wealth for Canadian investors who've stuck by the name over the years. Legendary investor Prem Watsa has continued to be a huge fan of BlackBerry stock, despite the perennial underperformance of the smartphone maker turned provider of enterprise software solutions.

Watsa clearly sees something in BlackBerry, and he's willing to stay the course. The cybersecurity assets owned by the firm are nothing short of compelling, but they've been overshadowed by big bumps in the road amid the firm's transformation.

The BlackBerry story is complicated, to say the least. There are many moving parts, and recent acquisitions have further complicated things. While the stock's intrinsic value may be tough to gauge with precision, one can't help but lick their chops at the upside potential to be had by picking up shares at today's severely depressed multiples.

After the rally off March lows, BlackBerry stock trades at 1.1 times book at the time of writing, which is the cheapest it's been in around eight years.

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2. TSX:BB (BlackBerry)
3. TSX:LNF (Leon's Furniture Limited)

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