



Buy These 2 Stocks Before They Explode

Description

The COVID-19 crisis is over. At least that's what stock prices indicate. Despite an uptick in coronavirus numbers across large swaths of the world, markets continue to move higher, leaving many analysts are bewildered.

"The current P/E on the U.S. market is in the top 10% of its history. The U.S. economy in contrast is in its worst 10%, perhaps even the worst 1%," [says](#) Jeremy Grantham, co-founder of GMO Asset Management. "This is apparently one of the most impressive mismatches in history."

The Canadian stock market isn't far behind. Since its March lows, the **S&P/TSX Composite Index** has risen by roughly 40%.

It's a tough time to invest. There simply aren't many bargains. But if you dig a bit deeper, two companies in particular are ready to explode in [value](#). It's only a matter of time.

This valuation is crazy

Don't laugh, but **BlackBerry Ltd.** ([TSX:BB](#))([NYSE:BB](#)) could be the best-performing stock of the next decade. The company has a \$3.6 billion valuation, but it's not difficult to see the market cap exceeding \$30 billion. Already, it has peers that garner that crazy of a price tag.

But let's take a step back. What exactly makes BlackBerry a rapid-growth investment?

Most people still think of the company as a smartphone manufacturer. That's a reasonable stance. In 2008, it held a 20% global market share. Its devices were ubiquitous.

Last year, however, BlackBerry didn't produce a single phone. Today, the stock is all about *cybersecurity software*.

Every day, we're adding thousands of new connected devices to the internet. Everything is becoming a "smart" device, from washing machines to passenger vehicles. Once connected, these devices

become vulnerable to hacking.

It's not widely appreciated, but BlackBerry is the leader when it comes to internet-of-things security. Its Cylance division, for example, can detect threats *before* they occur using artificial intelligence.

This is one of the biggest growth markets in history, yet BlackBerry shares trade at three times earnings. **CrowdStrike Holdings Inc.**, a more mature competitor, trades at 34 times sales.

As growth heats up, expect that discount to narrow rapidly. There could easily be 1,000% upside from here.

This stock is a winner

BlackBerry looks like an incredible turnaround story. **Constellation Software Inc.** ([TSX:CSU](#)), on the other hand, is a story that simply needs to keep going. Since 2006, shares have increased in value by 7,000%! What's the secret?

Like BlackBerry, this stock sells software that works behind the scenes. But instead of cybersecurity, Constellation focuses on products that make mission-critical processes possible for niche industries.

For example, its Vela Software division makes products like acQuire, which develops geo-scientific Information Management software solutions for the natural resources industries with a focus on exploration, resource development, and mining assets.

Constellation has dozens of products like this — and trust me, they're all just as boring.

But boring is profitable. Constellation has consistently generated returns on invested capital of 30%. That's an incredible feat and a big reason for the stock's incredible rise.

All Constellation needs to do is rinse-and-repeat its proven strategy over the next decade. The results won't be as fantastic as the last few years, but they should handily trounce the market over the long term.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)
3. TSX:CSU (Constellation Software Inc.)

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