



## TFSA 101: If the Market Crash Continues, Do This!

### Description

Is the market [crashing](#) right now? Or are we winding down from a healthy run-of-the-mill correction? That's the million-dollar question that nobody has the answer to, unfortunately.

The tech-driven September sell-off has punished tech stocks most severely. Although there are still speculative balloons that Mr. Market has yet to take the air out of, I think now is as good a time as any to pick your spots and buy the easy-to-value bargains that may have been unjustly thrown into the penalty box.

Various high-tech cloud stocks possess valuations that are in the clouds, making them notoriously difficult to evaluate, even for professionals. If the markets continue to turn against the biggest winners since March, hyper-growth stocks could stand to implode on themselves, leaving many latecomers and dip buyers holding the bag at the expense of those who will end up winning the game of greater fools (that's based on the greater fool theory, which has nothing to do with the Motley Fool!).

## Don't waste market crashes by not buying anything!

Prudent [TFSA investors](#) know that whenever Mr. Market starts marking down prices on stocks drastically that it's a good time to step in. Mr. Market is anything but efficient. He makes mistakes, and every once in a while, such mistakes need to be corrected, whether it be in the form of a garden-variety market correction (a 10% sell-off) or a vicious market crash that causes the bear to come out of hibernation (a 20% drop).

TFSA investors shouldn't be asking themselves when it's "safe" to start buying, because the reality of the situation is that the equity markets are never entirely safe. There's always risk, and, ironically, it's times when the markets are down big when it's a safer time to be investing. After a 10% pullback in the **S&P 500**, you should seek to buy something, as you could run the risk "wasting" a perfectly buyable market correction. But don't exhaust your liquidity reserves in case the market continues heading south, potentially in a hurry, as it did back in February and March.

## BlackBerry is a deep-value stock that might be ripe for picking

One potential bargain to scoop up is **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)), a struggling tech stock that's not participated in the broader tech-driven rally this year. The firm has felt the COVID-19 impact and has pulled back accordingly in recent months.

More recently, the company pulled the curtain on its Q2/fiscal 2021 results, which were actually quite good, even though the market didn't seem to care very much. Revenue came in at \$266 million, above the \$238 million consensus thanks in part to licensing deals.

The QNX business, which had been hit by the COVID-induced weakness in the autos, saw some much-needed relief for the quarter. Management reiterated its fiscal 2021 outlook, and with BlackBerry already showing signs of bouncing back from the crisis, I think the name is worthy of nibbling while it's still down in the ditches, with share at a ridiculous 1.4 times book value.

I'd still like to wait for BlackBerry to prove that it can get its software and service annual recurring revenue numbers at higher levels before considering initiating a meaningful position. BlackBerry has a lot of room to roar in a comeback, but there remain challenges. If COVID-19 sends the economy right back to where it was in March and April, BlackBerry could find itself backtracking on its impressive Q1/F21 recovery.

### Foolish takeaway

If the market keeps crashing, nibble away at value stocks such as BlackBerry that will give you the most room to run in a comeback from the COVID-19 crisis. There's no telling how much worse things will get for COVID-hit plays over the coming months. Regardless, you should be in a position to swing at the picture-perfect pitches Mr. Market might throw your way.

#### CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners
4. Tech Stocks

#### TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)

#### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise

6. Yahoo CA

**Category**

1. Coronavirus
2. Investing
3. Stocks for Beginners
4. Tech Stocks

**Date**

2025/08/02

**Date Created**

2020/09/26

**Author**

joefrenette

default watermark

default watermark