



## TFSA Investors: These 2 Cheap Tech Stocks Are Potential Doubles

### Description

Believe it or not, there are actually growthy tech stocks on the **TSX Index** that are actually [cheap](#). After an incredible first three quarters for growthy tech stocks, they've taken a backseat to the value stocks that have been neglected by Tax-Free Savings Account (TFSA) investors who haven't implemented the barbell portfolio, a strategy that I've been recommending to self-guided investors amid the [coronavirus crisis](#).

Indeed, the better-than-expected results from the **Pfizer** and **Moderna** vaccines, which both showed efficacy rates north of 90%, caught many investors by surprise. COVID recovery plays surged at the expense of the COVID-resilient plays, a theme that I think we haven't seen the last of yet, as we inch closer to the end of this horrific pandemic.

Many tech stocks that dipped modestly over the past two weeks of renewed COVID vaccine optimism remain at nosebleed-level valuations. And they're probably not done correcting yet. However, there are tech stocks that were never expensive to begin with, yet many have also exhibited weakness in recent weeks alongside the broader basket of frothy tech plays.

Let's have a closer look at two cheap TSX tech plays to see which, if any, is worthy of your TFSA growth fund amid the latest rotation.

### BlackBerry

**BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) is a deep value stock and turnaround play that's fallen heavily out of favour this year. Unlike many other software developers, however, BlackBerry has not been a major beneficiary of this pandemic, as its QNX business has been under a considerable amount of pressure amid the disruptive impact of the crisis.

The pressure suffered by BlackBerry's end-markets has been felt by the firm and its shareholders. Still, the name came into the crisis cheap and now it's absurdly cheap, especially for an enterprise software firm with a proven management team led by BlackBerry CEO and turnaround artist John Chen.

With COVID pressures to be lifted off BlackBerry's shoulders in 2021 and beyond, I'd say now is as good a time as any to place a bet on the battered tech stock while it trades at just 1.5 times its book value. The company doesn't need to do much to move the needle on the stock. But of course, if it can demonstrate sustained organic growth, I suspect BB stock could be an easy double.

## Constellation Software

**Constellation Software** ([TSX:CSU](#)) hasn't been hit nearly as hard as BlackBerry. Shares of the diversified software company were quite quick to recover from the February-March meltdown, but the stock has been quite flat ever since it re-gained ground lost. At the time of writing, Constellation trades within a percentage point of its pre-pandemic peak despite the incredible progress going on behind the scenes.

The company recently clocked in its third-quarter results, which saw net income surge 50% year over year (YoY), as operating cash flows bounced 32% YoY. Constellation declared a \$1 dividend (that's just shy of a 0.4% yield) following the solid quarterly earnings beat.

Similar to BlackBerry, shares of the cheap tech play have been picking up traction this month, as most other pandemic-resilient tech stocks have pulled back. With shares trading at 26.8 times forward earnings, CSU stock has way more room to run following its latest quarter.

The company has averaged nearly 16% in revenue growth over the past five years, and its operating margins have been pretty steady at around 17%. Constellation is a quick-growing tech play that's absurdly profitable. And given its demonstrated resilience through this crisis, the stock is far too cheap.

## Which potential double is the better bet for your TFSA?

BlackBerry is a deep value play that may not be everybody's cup of tea. Turnaround plays are often bumpy, and I don't think the roller coaster ride of ups and downs will end once this pandemic does. If you've got patience and seek deep value, only then would I bet on BlackBerry amid its latest multi-week rally.

For most investors, I'd look to bet on Constellation, which, while far more expensive, is a winner that'll keep on winning.

### CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

### TICKERS GLOBAL

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

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