



3 Great Undervalued Tech Stocks to Buy in 2021

Description

Tech stocks aren't famous for being cheap. Some of the strongest momentum this year has come from flashy tech Initial Public Offerings (IPOs) and surging digital heavyweights. But for the longer-term investor, good value for money can still be found on the **TSX**. From semiconductors to business consultation, there are tech plays for most real-world industries. Let's revisit three potentially undervalued Canadian tech stocks and weigh up the options.

The high-growth tech stock

Photon Control (TSX:PHO) may be up 60% in the last 12 months, but this name is still undervalued — perhaps not based on market ratios if a price to book of 3.3 is your baseline. But in terms of future cash flow potential, Photon Control is almost as appetizing as its ticker. Trading at just 70% of its fair value, Photon Control's stock could have 50% upside based on consensus high price targets.

Photon Control is also relatively cheap compared to its electronics industry peers. The price to earnings ratio isn't necessarily the go-to fundamental during economic volatility. That said, a P/E of 15.4 is reassuringly low. That's market weight valuation, meaning that Photon Control is good value for money relative to the vast majority of the **TSX**. And yes, that also beats the industry average of 18.8 times earnings.

The asset management tech stock

Quarterhill ([TSX:QTRH](#)) is the asset management pick when it comes to tech stock investing. It might not be that well known of a stock. But therein lies one of the clues to its valuation. Selling at just 40% of its fair value, Quarterhill is an [undervalued play for tech investors](#) trying to look beyond the hype and hubris of the market. Cheap, slow growth is the name of the game here, with around 60% returns by mid-decade.

One of the best things about this stock, besides its clear undervaluation and strong diversification, is its healthy balance sheet. Investors thinking about taking up long positions in up and coming tech stocks

of note may be on the fence when it comes to quality.

Investing in the human element

Trading publicly since the mid-eighties, **CGI Group** ([TSX:GIB.A](#))([NYSE:GIB](#)) is a toss up between a tech stock and a human resources play. The consultation angle could be bigger this decade than the markets foresee. Given the trend toward remote business and digitalized work spaces, the human element could become a hot commodity in and of itself.

CGI Group could therefore satisfy both a pandemic and [post-pandemic growth thesis](#). There's the geographically diversified element to consider, too. CGI Group is a global company, after all. This should go some way to reassure longer term investors looking for reasonably valued tech stocks positioned for steady growth.

A price-to-book of 3.6 is steep, admittedly. But high-price targets see CGI Group enjoying 30% of upside. For a reasonably valued stock, those are enticing prospects.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:GIB (CGI Group Inc.)
2. TSX:GIB.A (CGI)
3. TSX:QTRH (Quarterhill Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

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

Date

2025/08/17

Date Created

2020/12/25

Author

vhetherington

default watermark

default watermark