



## 2 Undervalued Stocks I'd Buy Before Tesla Stock (NASDAQ:TSLA)

### Description

This year, **Tesla Inc.** ([NASDAQ:TSLA](#)) is on everybody's watch list. After a few years of dips and dives, the company has soared to new heights in the last year. In fact, even in the last few weeks the company has jumped. Yet I'd argue it's still a great buy.

Since January, 2020 alone, shares in Tesla stock have risen 630% as of writing. Seeing shares jump like that while the rest of the world, even the rest of the industry, is in turmoil definitely causes analysts to start taking a closer look.

Whether or not the stock is being pushed by momentum, especially with Electric Vehicle (EV) excitement, I'd still take Tesla stock as a long-term hold. The EV industry is set to increase by leaps and bounds over the next decade alone, with many of Tesla's peers shifting to a fleet of all-electric and hybrid vehicles by 2030. Analysts estimate the industry to be worth US\$803 billion by 2027.

Tesla stock therefore is definitely one to watch and hold over the next decade or more as the EV market takes off. But given the recent momentum, I'm waiting for a drop before considering this stock. Instead, I'm keeping an eye on these two other undervalued Canadian stocks that are perfect for long-term investors.

### CIBC

Clearly, the Canadian Big Six [Banks](#) have been among some of the worst performers in 2020. There was already likely to be a market downturn, and the banks were prepared for that. However, no one could have predicted the pandemic. This resulted in a substantial loss of revenue, especially with interest rates so low.

In the long term, however, Canadian banks are a fantastic option for any portfolio. As we've seen, shares returned to pre-crash norms within a year. And when you're looking long term, every one of these banks rises at a strong trajectory. That includes **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)).

Shares in CIBC stock are up 67% since the March crash. However, that's only 10% higher than pre-crash levels. Even trading at all-time highs, this stock is undervalued and that comes down to growth potential. The stock is at a price-to-earnings (P/E) ratio of 13.8 times for the last 12 months, with an expected 10.5 times for the next year, making it a very reasonably priced stock.

But what the company really offers investors is its amazing dividend, the highest of the Big Six Banks at 5.18% as of writing. That's \$5.84 per share, with a dividend payout history of 153 years. Just to be clear, that's not missing a payment since its first payment in 1868!

## Real Matters

While a P/E ratio of 27.8x isn't as great as CIBC, **Real Matters Inc.** ([TSX:REAL](#)) could be the stock that propels your portfolio into high-growth territory. The stock is up only 8% in the last year, and 43% down from all-time [highs](#) back in August 2020.

The tech stock has hit a dip during the pandemic, but one that's completely unwarranted in my opinion. Just look at the last few quarters and you'll see why. Revenue continues to climb, most recently by 29% year over year. This comes from the company's Software-as-a-Service business that offers solutions to mortgage lenders and insurance industries. Most of this comes from the United States, where 90% of revenue comes from for Real Matters. With interest rates so low, the business has been raking in revenue.

With shares still down, this stock should be on everyone's radar. It's quarterly reports continue to surprise analysts again and again. As the economy continues to recover, I believe shareholders will start to realize the high-growth potential of Real Matters stock.

## Foolish takeaway

While Tesla stock is a great option for long-term holders, it's still overpriced today. I'd be watching out for a solid drop before picking up this stock. If you're looking for short-term gains, I'm just not as confident you'll receive them.

For CIBC stock, you can guarantee dividends. The stock will continue to climb just as it has for decades, and continue those high dividend payouts.

Real Matters is then perfect to add solid long-term growth to your portfolio. While it might be trading down now, I would bet that won't be for long. Especially post-pandemic.

### CATEGORY

1. Bank Stocks
2. Investing
3. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:TSLA (Tesla Inc.)

2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:REAL (Real Matters Inc.)

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