Alert: These 2 Tech Stocks Are Heavily Discounted

Description

Legendary investor Leon Cooperman once said that the best way to invest was to “buy straw hats during winter.” In other words, investors are supposed to look beyond current events and make bets based on anticipated outcomes. That often means taking a contrarian position.

In 2022, perhaps the most contrarian bet is technology. Tech stocks have been severely battered over the past few months. Investors now expect higher interest rates, lower liquidity, and prolonged inflation. None of these are good news for tech stocks.

However, I would argue that much of this bad news is already priced into the stock market. This could be an ideal time to hunt for discounts. With that in mind, here are the top three tech stocks that I believe are heavily discounted in 2022.

Discounted tech stock #1

WELL Health Technologies (TSX:WELL) was a Bay Street favourite during the pandemic. The stock surged 553% from early 2020 to early 2021. Since then, it has lost over half its value along with the rest of the small-cap tech sector.

Investors remain cautious about the tech sector, which could be the primary reason for this dip. Another reason could be the fact that WELL Health was considered a pandemic play and now the reopening is pushing its market value lower. However, I believe telehealth is a long-term trend, and WELL Health is in fundamentally good shape to capitalize on it.

Recent acquisitions and expansion into the U.S. have pushed WELL Health’s annual revenue run rate to $450 million. Meanwhile, the company’s market value is roughly $860 million at the time of writing. In other words, WELL Health stock is trading at a forward price-to-sales ratio of just 1.9. That’s the sort of valuation you’d expect of a boring oil and gas stock — not a medical tech firm growing at 100% or more.

In fact, the company is actively buying back its own shares. That’s another indication that it is severely undervalued

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Discounted tech stock #2

It isn't surprising that a downturn in cryptocurrencies has dragged **Banxa Holdings** (TSXV:BNXA) down, too. The digital asset payments processor has lost roughly 70% of its value since last year. **Bitcoin** and **Ethereum** are down 42% and 45%, respectively, over the same period.

However, Banxa's underlying business is less exposed to the *value* of cryptocurrencies than the *transaction volume.* In other words, the company collects fees on every fiat-to-crypto conversion, which means their top line is based on the value and volume of aggregate transactions. The "buy-the-dip" mentality could be offsetting some of the lost value in this sector.

Even if you assume that cryptocurrencies are past their peak and trading volume will remain subdued for several years, Banxa stock is still undervalued. The company is worth just over $100 million, while global crypto transactions are still at US$73.9 billion (CA$94.66 million) *every day.*

Put simply, Banxa stock is simply too pessimistic given the growth potential and cyclicality of the crypto sector. This underrated tech stock should be on your radar as a contrarian bet.

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2. Tech Stocks

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2. TSXV:BNXA (Banxa Holdings Inc.)

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