Market Crash 2020: 2 Undervalued Stocks for a Canadian's Retirement Portfolio

Description

The Canadian market today is trading at roughly the same spot that it began the year. That doesn't mean investors haven't experienced any volatility, though. The **S&P/TSX Composite Index** dropped a staggering 35% in just over one month earlier this year but is now down just 2% since the beginning of 2020.

Since hitting the bottom of that 35% drop, the market has gone on an incredible run. But even after rallying close to 50% in less than six months, there is still a lot of uncertainty in the short-term future of the market.

For short-term investors, the market may have lots of uncertainty around it. But for long-term Foolish investors looking to add a couple of stocks to their retirement portfolio, now is a great time to pick up shares of an undervalued company.

Certain companies have rebounded very well alongside the overall Canadian market, with some even trading at all-time highs today. Tech giants, such as **Shopify**, have seen a huge surge in growth due to the economic tailwinds that the COVID-19 pandemic has created. Other companies are still in the recovery phase, and potentially undervalued at today's valuation.

I've covered two Canadian companies that I believe are undervalued today, both of which hold the potential to once again return to market-beating returns for shareholders.

TD Bank

Each of the Big Five Canadian banks reported quarterly earnings last week. Although earnings still remain down on the year, there were positives coming out of the quarterly reports. Most of the major banks reported reductions in provisions, indicating that the worst may be behind us.

Valued at a market cap of $115 billion, **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is Canada's second-largest bank. The bank specializes primarily in providing personal and commercial bank services to customers across North America. TD has also been investing aggressively recently within the commercial management sector.

In addition to the positive earnings reported last week, the valuation today is a major reason why I'm interested in picking up shares of TD. The bank trades today at a price-to-earnings ratio of 11.75, in line with the other four major banks.

BlackBerry

There is no question that **BlackBerry** (TSX:BB)(NYSE:BB) is not the size it once was, but that doesn't mean there isn't still plenty of growth still left in the tank for the tech company.

BlackBerry was once a major player in the smartphone market, but is now a leader in the cybersecurity industry. The tech company has leveraged its market-leading AI-technology to provide customers with data protection, endpoint security management, and encryption software.

Trading today at a price-to-sales ratio of 4, the risk to reward ratio is why I'm interested in picking up shares of BlackBerry. In a high-growth industry such as cybersecurity, BlackBerry is undervalued compared to many other competitors in the space.

Foolish bottom line

While the economy might not be back to pre-COVID-19 levels, that should not stop Canadians from investing in the stock market today.

If you're a long-term investor with time on your side, this year has provided many great opportunities for picking up shares of market-leading companies at undervalued prices.

Luckily for Canadian investors, TD Bank and BlackBerry are two market-leading companies that are still undervalued at today's prices.

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