



2 TSX Stocks That Are Ready to Rebound in 2021

Description

The COVID-19 pandemic has created all sorts of chaos in the stock market this year. What began with a nearly 40% drop in the **S&P/TSX Composite Index** was followed by a 45% bull run over the next five months. With two months remaining in 2020, the Canadian market is trading roughly 10% below where it began the year.

We've seen entire industries impacted by the COVID-19 virus, such as travel stocks. Not surprising to hear, **Air Canada** is trading at a price far below where it began the year. Similarly, [bank stocks have been hit hard](#), as interest rates have been gradually lowered throughout the year.

The tech industry has been one bright spot in 2020. We've seen many work-from-home- and e-commerce-related stocks reach new all-time highs this year, even amid the global pandemic. Of course, not all tech stocks have fared as well as those trading at all-time highs.

As the year is nearing its end, I've covered two companies that have the potential to rebound in the upcoming year. Each stock is down more than 20% year to date, and I believe both are undervalued at these prices.

Bank of Nova Scotia

Valued at a market cap of \$67 billion, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is Canada's third-largest bank. Similar to the other major Canadian banks, Bank of Nova Scotia has not fared well throughout the pandemic. The bank is down close to 25% since the beginning of the year.

Bank of Nova Scotia provides its customers with access to day-to-day chequing and saving accounts, investment management, mortgages, loans, and insurance, all of which are common services among the major Canadian banks. What stands out with regards to Bank of Nova Scotia is its international presence.

While it's not uncommon for a Big Five bank to have a presence outside North America, it's the reputation that Bank of Nova Scotia has built in Latin America that stands out. Bank of Nova Scotia has fueled its growth in Latin America through acquisitions of smaller banks, which has led the bank to become one of the most reputable banks in the region.

A major reason I'm bullish on a rebound is the valuation. Each of the major banks is trading at a discount today, and Bank of Nova Scotia is no different. The bank trades today at a very affordable forward price-to-earnings ratio of 9.4.

BlackBerry

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) is in a far different position than Bank of Nova Scotia. This tech stock was at one point a leader in the smartphone industry, trading above \$100 a share. Since then, the company has shifted its area of expertise and is trading below \$10.

The company might not be a leader in the smartphone industry anymore, but it is now a major player in the cybersecurity industry. BlackBerry specializes in providing its customers support with data safety and privacy, and endpoint security management. Today, BlackBerry is regarded as one of the [most-trusted AI-cybersecurity providers in the world](#).

It's not only the internal growth that makes me bullish on BlackBerry. It's the growth potential of the entire cybersecurity industry. Prior to the pandemic, the industry was expected to grow more than 10% annually over the next five years. And with employees working from home now more than ever, the importance of cybersecurity and data protection has dramatically increased.

The days of triple-digit growth might be gone, but that doesn't mean this stock cannot return to market-beating growth levels. BlackBerry has had a rough year, trading down close to 30% where it began the year. But for investors that are looking to pick up shares of a stock that is ready to rebound, BlackBerry is one company you'll want to consider.

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TICKERS GLOBAL

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2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:BB (BlackBerry)
4. TSX:BNS (Bank Of Nova Scotia)

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