



2 Undervalued TSX Stocks to Buy Before BlackBerry (TSX:BB)

Description

Heading in 2021, **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) was at the top of my watchlist. Prior to the recent surge over the past several weeks, I'd argue that shares were incredibly undervalued, considering the long-term growth potential.

In the month of January alone, shares of the tech company at one point were up more than 250%. A jump like that definitely raises some red flags.

Stock price manipulation or not, I'm still bullish on BlackBerry over the long term. The cybersecurity industry is one that I own several stocks in and plan on adding to that list this year. The increase in cybersecurity threats that we're seeing only emphasizes the importance of companies like BlackBerry.

BlackBerry was at the top of my watchlist heading in 2021, but it's dropped far down the list after the recent manipulated volatility.

Here are two companies on my radar that are set to take BlackBerry's spot at the top of my watchlist. Neither of the companies is in the lucrative cybersecurity industry, but each is undervalued and has the qualities you'd want in a [long-term holding](#).

Bank of Montreal

The Canadian banks have not been among the top-performing stocks over the past 12 months. The COVID-19 pandemic led the Canadian economy to lower interest rates, which have hurt the major bank's profits in the short term. In the long term, though, the Canadian banks are some of the most dependable **TSX** stocks to own.

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) shares are up more than 50% since last March, but the Canadian bank is still trading nearly 10% below all-time highs.

Even with a 50% bull run, Bank of Montreal is still an [undervalued stock](#). The bank is trading today at a very reasonable forward price-to-earnings (P/E) ratio of just over 10.

Valuation isn't the only reason to pick up shares of a Canadian bank. Each of the Big Five have top dividend yields that you'd be hard-pressed to match.

At today's share price, Bank of Montreal's annual dividend of \$4.24 per share is good enough for a yield of 4.3%. The bank also owns an incredible dividend-payout streak. It's been paying a dividend to shareholders for 190 years.

Kinaxis

At a forward P/E ratio well above 100, not all investors would agree that **Kinaxis** ([TSX:KXS](#)) is a value play. Why I'm giving the tech stock an undervalued rating is because it's trading 20% below all-time highs.

Before COVID-19 hit North America, shares of Kinaxis were up more than 200% in the previous five years. The tech stock had a minor dip in price when the pandemic first hit but then went on to soar nearly 100% in just three months.

After topping out in July 2020, shares have steadily been trending downwards, which is why I have the stock on my radar. Kinaxis is still a top tech company with plenty of growth potential that's ready to go on another multi-bagger run.

Foolish bottom line

As entertaining as it has been to follow BlackBerry this year, it's dropped a few spots on my watchlist. I'm still a long-term BlackBerry bull, but I don't trust the stock in the short term. I also believe there are better deals to be had if you're looking for a value play.

The Canadian banks are a perfect place to start if you're looking for a great deal. Bank of Montreal is trading at a favourable valuation and owns a top dividend yield.

Kinaxis might be a bit too pricey for a value investor, but the growth potential should more than make up for the high valuation.

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1. Bank Stocks
2. Investing
3. Tech Stocks

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1. bank of montreal
2. Bank stocks
3. bmo

4. canadian banks
5. dividend stocks
6. kinaxis
7. kinaxis stock
8. KXS
9. tech stocks
10. value investing
11. value stocks

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2. TSX:BMO (Bank Of Montreal)
3. TSX:KXS (Kinaxis Inc.)

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