



Top Recovery Bets: Where to Invest \$500 Now

Description

A recovery theme is gathering steam as the race to bring out a vaccine for COVID-19 heats up and economic activities began to regain pace. Sectors beaten hard by the outbreak of the pandemic are under focus with investors eyeing for the top recovery bets.

So if you are looking to invest \$500 into stocks expecting stellar returns as they regain their lost ground, here are three top stocks that should be on your radar.

Gildan Activewear

Gildan Activewear ([TSX:GIL](#))([NYSE:GIL](#)) was among the worst-hit stocks amid the pandemic-led selloff. However, shares of the clothing manufacturer recovered steeply and have nearly doubled from its March lows.

The demand for Gildan Activewear's imprintables channel wiped out amid mandatory lockdowns. The segment's products are mainly used for promotional and sporting activities that require large gatherings. However, due to the stay-at-home measures and store closures, the segment reported a significant drop in revenues, which dragged overall sales down.

In the [most recent quarter](#), Gildan Activewear's top line slipped nearly 71%, while the company reported an adjusted loss per share of \$0.99.

While the imprintables segment's sales could continue to struggle with the pandemic still in the background, reopening of stores is likely to bring some respite for the rest of 2020. The company has started to witness better sell-through trends and is likely to report sequential improvement in its revenues in the coming quarters.

Despite the solid recovery, Gildan Activewear stock is still down over 30%, providing a good entry point for investors to gain from its recovery.

Pembina Pipeline

With a year to date decline of over 34%, **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) stock is another top recovery bet. The lower liquid volumes amid demand and price erosion for oil took a toll on Pembina Pipeline stock. However, investors should note that the company's business is highly contracted and continues to generate strong cash flows that should help the company to navigate the current crisis.

Moreover, as the oil demand improves with the increase in economic activities, Pembina Pipeline stock could show strong recovery. Alongside, the energy infrastructure company offers [monster dividend yield](#).

Pembina Pipeline's dividend yield of over 8% looks highly attractive and is safe, thanks to the company's low-risk business backed by contractual arrangements. Its strong fee-based cash flows easily cover its payouts.

Investors are likely to gain big from the appreciation in Pembina Pipeline's stock and its robust dividend yield.

Air Canada

With a decline of over 62% so far this year, shares of **Air Canada** ([TSX:AC](#)) are risky but among the top recovery plays. Travel restrictions and grounding of its passenger aircraft took a toll on its financial performance, in turn, its stock.

However, the restart of domestic flights could result in the sequential improvement in passenger volumes and capacity. Also, the cash burn rate is likely to decelerate in the coming quarters. However, investors should take caution as increasing COVID-19 infections and closure of international borders remain a drag.

The airline company could take several years to recoup its lost ground. However, long-term investors are likely to benefit significantly from the recovery in its stock.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks

TICKERS GLOBAL

1. NYSE:GIL (Gildan Activewear Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:AC (Air Canada)
4. TSX:GIL (Gildan Activewear Inc.)
5. TSX:PPL (Pembina Pipeline Corporation)

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