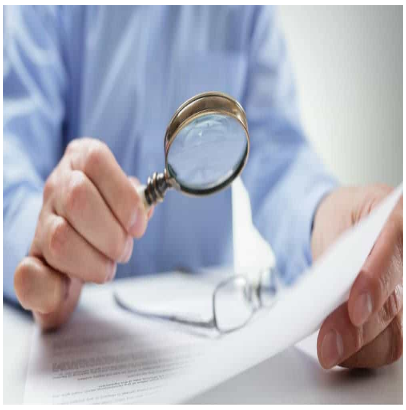

Got $1,000? Zoom In on These 3 Beaten-Down Stocks Now

Description

Canada's **TSX Index** has erased most of its losses, thanks to the strong buying over the past several months. However, a few TSX stocks that faced massive headwinds continue to trade low and offer an excellent entry point for long-term investors, as the recovery theme gathers steam.

So, if you are planning to invest $1,000 and have a little appetite for risk, consider buying the shares of these beaten-down names for exceptional returns in three to four years.

Suncor Energy

The significant erosion in demand and supply glut amid COVID-19 pandemic took a massive toll on energy companies, including **Suncor Energy** (TSX:SU)(NYSE:SU). Its stock is down about 58% year to date, as an uncertain economic outlook and low oil prices remain a drag. Moreover, a lack of coordination between the OPEC+ nations further plays spoilsport.

While challenges persist, the economic activities are gaining pace, thanks to the reopening process after the lockdowns, which could drive oil demand. With the stark recovery in China and the unlocking process in India, the demand is likely to move on a positive trajectory and support oil prices.

As for Suncor, its integrated business positions it well to gain from the recovery in demand. Moreover, its focus on price optimization, steep cost-cutting measures, and solid liquidity are reassuring. The company has no immediate debt maturities. Meanwhile, Suncor's strong balance sheet and a forward enterprise value-to-EBITDA multiple of 6.9 look attractive.

Air Canada

Travel restrictions due to the pandemic weighed heavily on passenger airline companies like **Air Canada** (TSX:AC). Its stock is down about 61% so far this year, reflecting deep capacity cut, grounding of flights and cash burn.

While the rising infections and closure of international borders pose challenges, these travel restrictions aren't likely to stay forever, and the demand for air travel is likely to get back to normal in three to four years.

While investors could expect Air Canada's passenger volumes to remain low for the rest of 2020, it is likely to show sequential improvement. Also, the restart of domestic flights and a reduction in net cash burn is an encouraging sign.

However, investors need to take caution, as the recovery in airline stocks could take a while.

BlackBerry

With a year-to-date decline of over 25%, shares of **BlackBerry** (TSX:BB)(NYSE:BB) are among the top recovery bets investors could consider buying. As the coronavirus badly affected the automotive industry, BlackBerry's exposure to the sector weighed upon its financial performance and, in turn, its stock.

The technology company reported a 20% year-over-year decline in its revenues during the most recent quarter. Also, its margins remained subdued with its gross margins recording a decline of 300 basis points.

With the recovery in economic activities, the automotive industry is showing signs of improvement, which is likely to support BlackBerry stock. Moreover, its security software continues to witness sustained demand, thanks to the shift towards working from home and a large addressable market.

The company's annual recurring revenues and customer acquisitions and retention remain very strong and are likely to support its future performances.

Bottom line

The significant decline in value presents a good entry point for investors to gain from the recovery in these stocks. However, investors need to show patience with these stocks to earn hefty returns.

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Date
2025/07/21
Date Created
2020/09/17
Author
snahata