Top Recovery Bets: Where to Invest $10,000 Now

Description

The rapid recovery in equities despite the continued spread of the coronavirus and uncertain economic outlook suggests that the stock market is unlikely to crash again in 2020. The reopening of the economy and a gradual pickup in demand could support the uptrend in the equities.

As economic activities increase, I believe you should invest in shares of the companies that are still available at great discounts from their pre-pandemic levels and have strong fundamentals to recover their lost ground as the demand improves.

So, if you've got $10,000 to invest in equities, consider buying the shares of these Canadian companies that are trading low but have strong fundamentals. A couple of these companies are also known for their stellar dividends, implying that investors could also benefit from consistent income besides capital appreciation.

A high-quality bank

With over 19% year-to-date decline, you could consider buying the shares of **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS). Higher provisions, an uncertain economic outlook, and lower interest rates dragged bank stocks down. However, the Bank of Nova Scotia remains well capitalized and continues to increase its asset base, which is encouraging.

The bank targets high-quality growth markets, which indicates that recovery in economic activities could boost its prospects. Further, investors could expect a gradual decline in the provision for credit losses, which should cushion its bottom line.

Besides being available at a discount, Bank of Nova Scotia also pays a quarterly dividend of $0.90 per share, which should further boost your returns. The bank offers an annual yield of 6.4%, implying a $10,000 investment in Bank of Nova Scotia stock could fetch you a yearly income of approximately $640.

An apparel manufacturer

As the pandemic spread, the apparel manufacturing industry took a severe hit due to the mandatory store closures and social-distancing measures. The temporary closure of stores weighed heavily on the top and bottom line of **Gildan Activewear** (TSX:GIL)(NYSE:GIL) and, in turn, its stock.

The demand for its imprintables business was completely wiped out, as its products are primarily used for events that require large public gatherings like sports or promotions. As the virus decimated demand, its net sales crashed over 71% during the June ended quarter.

Though its stock has shown a strong recovery in the recent past, it is still down about 27% this year and presents an excellent entry point for investors to benefit from the further rebound in its stock.

The company is already witnessing a better sell-through trend. Moreover, with the pickup in demand, Gildan Activewear’s financial numbers could improve sequentially and drive its stock recovery.

A top energy company

Another top recovery bet is the energy infrastructure giant **Enbridge** (TSX:ENB)(NYSE:ENB). Its stock is down about 23% year to date, offering good value to investors willing to hold it for medium to long term.

Enbridge pays stellar dividends and currently offers an annual yield of 8.4%, suggesting a $10,000 investment in its stock would pay you $840/year.

As economic activities increase and demand for crude oil improves, Enbridge stock could deliver strong growth. The economic activities in two of the world’s largest oil-consuming nations — China and India — have started to improve, implying that the crude oil prices could recover over the next 24-36 months and support Enbridge stock.

Bottom line

Shares of all these companies are trading low and have fundamentals that could fuel the recovery with the improvement in demand. Investors looking for top recovery bets could consider buying these top TSX-listed stocks that offer great value.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Energy Stocks
5. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:GIL (Gildan Activewear Inc.)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:ENB (Enbridge Inc.)
6. TSX:GIL (Gildan Activewear Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Energy Stocks
5. Investing

Date
2025/07/19
Date Created
2020/10/08
Author
snahata