Got Only $500 to Invest? Snap Up These Top Recovery Bets

Description

The massive amount of liquidity pushed into the economy through large government stimulus packages, and the easing of lockdown measures drove a stellar recovery in most of the stocks listed on the **Toronto Stock Exchange** (TSX).

However, a few stocks continue to trade low, as the pandemic has had a devastating impact on demand. With the uptick in economic activities and reopening of businesses, these beaten-down names could start to recover. However, investors should take caution, as the coronavirus's continued spread could push the recovery period longer.

So, if you are looking to invest only $500 into stocks and expect great returns, consider buying these TSX stocks that are available at a good bargain.

Spin Master

Shares of **Spin Master** (TSX:TOY) have nearly tripled after hitting its low of $9.73 on March 19. The return of its production flow back to the normal, reopening of the economy, and continued orders from large customers are driving the stock higher.

Despite the recovery, Spin Master stock is still down over 28% on a year-to-date basis and provides an excellent entry point to go long on its shares before the key selling season.

Spin Master's multi-platform portfolio acts as a natural hedge and continues to support its revenues amid challenges. Its entertainment and digital offerings are gaining traction and are likely to accelerate its growth in the coming quarters.

Investors looking to play the recovery theme could consider buying the shares of the Spin Master.

Air Canada

With its shares down over 67% year to date, **Air Canada** (TSX:AC) stock looks appealing. The lower passenger volumes amid a continued increase in COVID-19 infections and international borders' closure limit the upside in Air Canada stock.

However, the restart of domestic airlines, steep cost-cutting measures, and improved cargo revenues suggests that Air Canada could live through the crisis.

Air Canada’s losses are expected to moderate with gradual improvement in passenger demand. Meanwhile, the expansion of cargo capacity is encouraging. Its net cash burn rate is also projected to decelerate in the coming quarters, while passenger sentiments could show improvement.

However, investors should take caution, as increasing COVID-19 infections and closure of international borders remain a drag. Shares of Canada’s largest airline company will only recover as passengers return to the skies, which might take two to three years.

Gildan Activewear

Investors should snap up **Gildan Activewear** (TSX:GIL)(NYSE:GIL) stock while it is trading low. The shares of the apparel maker took a massive hit from the pandemic. The mandatory store closures and social-distancing measures weighed heavily on its performance. Its sales plunged over 70% during the most recent quarter, while the company reported a loss.

However, with easing lockdown measures, the company is showing signs of revival with its shares recovering about 118% from its March lows. Gildan Activewear has started to see a better sell-through trend with the reopening of the economy. Moreover, its financials could show strong sequential improvement.

While challenges persist in the near term, you should keep Gildan Activewear stock on your radar. Its stock is still down about 22% and offers good value.

Bottom line

Investors should note that the investment in all these stocks carries a fair amount of risk. However, with the expected improvement in demand and their low share price, investors could risk investing a small amount of $500 in these stocks for outsized gains.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. NYSE:GIL (Gildan Activewear Inc.)
2. TSX:AC (Air Canada)
3. TSX:GIL (Gildan Activewear Inc.)
4. TSX:TOY (Spin Master)

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