Forget Pfizer: 2 TSX Stocks to Buy Instead

Description

Early this week, the news that **Pfizer's** vaccine was reported to be highly effective sent markets skyrocketing. Many **TSX** stocks experienced significant price increases, especially ones that have lagged the market through the pandemic.

Savvy investors all over Canada have rightly recognized that this is just another major opportunity to make money in 2020. But in addition to considering retailers and airlines, many Canadians have even been considering Pfizer or some of the other vaccine makers.

Owning one of the pharmaceutical companies could offer investors some potential. However, I believe there may be several stocks right here on the TSX that offer investors much more upside.

Why you should forget Pfizer

By now, most vaccine makers have already seen a massive run-up in their stock prices since the pandemic began. Furthermore, by the time the news was announced on Monday, and the market opened, the news of the vaccine was already baked into Pfizer's stock price.

In addition, it would still be considered a speculative buy to invest in a pharmaceutical company strictly because it may make the best vaccine.

We still don't even know if the vaccine will be approved; there has been no news on the vaccine's safety. It also may not even be the best choice either, considering it's a two-shot vaccine and has to be stored at extremely cold temperatures. It's also still so early that we don't know if it will be a yearly vaccine.

There's also uncertainty about how much the vaccine will cost and what profit the company will be able to make on it, especially in third-world countries.

With all these unknowns, and many investors rushing to the pharmaceutical companies already, there are much better choices for investors. Here are two TSX stocks you can buy today instead.

Restaurant stock

Rather than Pfizer, investors should consider distressed businesses. One of the top businesses trading at a major discount is **A&W Revenue Royalties Income Fund** (TSX:AW.UN).

Restaurant stocks have been some of the hardest-hit stocks in the pandemic. Fortunately for A&W, quick-service restaurants like itself have seen much less of an impact.

The biggest impact on the restaurant industry has been to dine-in restaurants where capacity has been limited during the pandemic. That's why after A&W's initial selloff, the stock has had a strong recovery.

It continues to post impressive numbers as its business picks back up. The stock even paid a special dividend to shareholders last month. This came only a few months after it reinstated its dividend following a temporary suspension back at the beginning of the pandemic.

Currently, the stock trades at a roughly 25% discount to its 52-week high, and its dividend yields about 4%. That's an extremely attractive entry point, especially when you consider the strong growth A&W was achieving before the pandemic and the potential for its dividend to continue to grow as A&W's business recovers.

TSX energy stock

Another stock you could consider instead of Pfizer is **Enbridge** (TSX:ENB)(NYSE:ENB). Enbridge isn't an extremely cheap stock like other highly distressed businesses. However, for the quality and size of the company, Enbridge's current discount makes the stock a no-brainer buy.

The energy giant is a massive company with significant competitive advantages. The company transports roughly a quarter of all oil and natural gas in North America, making it key to the continent's economy.

Its mainline volumes have been down since the start of the pandemic. However, Enbridge's impressive business can easily absorb the impact on revenue.

In fact, its operations are so robust that since that start of the pandemic, management hasn't wavered in its confidence that distributable cash flow per share for 2020 will be between $4.50 and $4.80.

In its third-quarter earnings report, Enbridge once again showed investors why it's such a high-quality business that investors can buy and hold forever.

As of Thursday's close, Enbridge again traded below $38 a share. This is extremely cheap for such a large and dominant business.

Besides earlier this year, the stock hasn't been this cheap since 2011. Plus, with its highly stable dividend yielding more than 8.5%, it's easily one of the top investments you can make today.

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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:AW.UN (A&W Revenue Royalties Income Fund)
3. TSX:ENB (Enbridge Inc.)

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