



COVID-19: These 2 Top TSX Recovery Stocks Are Just Getting Started!

Description

Many battered COVID-19 recovery stocks have gotten the green light to move higher following the reveal of some remarkably [effective vaccines](#) earlier this month. Overly cautious investors who didn't adopt a "barbell" approach to coronavirus risks likely missed out on a tonne of upside following the initial **Pfizer** vaccine results reveal. Many such investors likely had to ditch some of their defensives for risk-on COVID-19 plays amid the rotation.

While many COVID-19 recovery plays have been bid up substantially in recent weeks, I do think many of them have [ample upside](#) over the next two years or so. That said, plenty of pandemic-recovery plays are also at high risk of a short-term retracement, especially if we're due for a year-end correction or some sort of Santa Claus sell-off.

This piece will have a look at two COVID-19 recovery plays that I believe are among the cheapest, with minimal downside risk if such plays are due for a near-term reversal as a part of a vicious rotation or market-wide correction led by the biggest winners of November.

COVID-19 recovery stocks I'd feel comfortable buying here

Consider shares of **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) and **BCE** ([TSX:BCE](#))([NYSE:BCE](#)), two stocks that didn't exactly explode higher following the latest bout of good vaccine news. Both names have been feeling the impact of the COVID-19 pandemic and have much to gain as disruptive headwinds gradually fade in 2021 and beyond.

Restaurant Brands International

Restaurant Brands International is a fast-food play that I believe has the most to gain in a complete return to normalcy. The company had a less robust drive-thru, mobile, and delivery presence relative to the leaders in the space, many of whom have already seen their share prices stage a full rebound to or above those pre-pandemic highs.

Was Restaurant Brands overexposed to revenues derived from dining rooms? Possibly. But regardless, Restaurant Brands' management has committed to modernizing its drive-thru and mobile platforms to keep up with the leaders in the space.

We've entered an era where the quick-serve restaurant industry is as much about technology and convenience as it is about the food. Once Restaurant Brands catches up on the tech front, though, watch out, as the company could have everything working in its favour.

The firm knows menu innovation like it's nobody's business: just look at the legendary Popeyes' chicken sandwich, which sold like hotcakes before the COVID-19 pandemic struck. Once Restaurant Brands modernizes its platforms, the company will rise out of this pandemic in a position of profound strength, and the stock could be headed past \$100, hitting new all-time highs alongside its bigger brothers in the fast-food arena.

BCE

BCE is a behemoth of a telecom that stands to get a margin boost from the rise of the next generation of telecom tech (including 5G mobile technology). While there's no telling how quickly Canadians will adopt 5G wireless once available, given the devastating effects of the coronavirus recession, in time, BCE will finally see its 5G efforts yield ample fruit.

In the meantime, investors remain concerned over lost revenues as a result of the coronavirus crisis. Amid surging coronavirus cases and partial lockdowns, the appetite for mobile data and roaming services is to remain muted. The hit is going to be temporary, though. Once things return to normal, I expect BCE to lead the telecoms' upward charge back to pre-COVID-19 highs.

Today, the stock is down 12% from its high, with a 5.84% dividend yield. While I'd much prefer waiting for the stock to fall back to \$55, I don't think it will happen, given there's now more clarity on the vaccine timeline. If you seek a huge yield, I wouldn't hesitate to scoop up BCE stock right here.

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2. NYSE:QSR (Restaurant Brands International Inc.)
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