2 Top Canadian COVID-19 Reopening Stocks I'd Buy Right Now

Description

While the **TSX Index** and **S&P 500** have both fully recovered (and then some) from the COVID-19 stock market crash, there are still hard-hit areas of the market that remain a country mile away from their pre-pandemic highs. Even with a handful of safe and effective vaccines being rolled out, there are still major risks, most notably three COVID-19 variants of concern, that are acting as a weight on the shoulders of heavily impacted firms operating at ground zero of the COVID-19 crisis.

If you've got an investment horizon over two years, I'd look to buy the stocks presented in this piece. While the pandemic could be over sooner, I would prepare for negative surprises that could bring forth wild swings in shares of the following COVID-19 reopening stocks. There's a light at the end of the tunnel, but I'm still not willing to bet on how long this tunnel will be before we make it to the light of day.

These COVID-19 reopening stocks seem to have a great risk/reward

Without further ado, consider **SmartCentres REIT** (TSX:SRU.UN) and **Suncor Energy** (TSX:SU)(NYSE:SU), two of my favourite reopening plays that just so happen to have swollen dividend yields. Let's have a brief look at each name to determine which, if any, is the best COVID-19 reopening play for your balanced "barbell" portfolio.

SmartCentres REIT

SmartCentres is a retail REIT behind popular Canadian strip malls. The main attraction to Smart's malls is its top tenant in **Wal-Mart Stores**, which acts as a major driver of foot traffic to SmartCentres locations.

As you've probably heard in the world of real estate, it all comes down to location, location, location. In the case of Smart, it's less so about geographic location and more about a property's proximity to a Wal-Mart. Smart's tenants benefit greatly from the traffic that Wal-Mart draws into its locations. As an essential retailer, Wal-Mart kept its doors open during lockdown, and it'll continue to do so in future (partial) lockdowns.

The distribution yield is a bountiful 7.4% yield, and it's safer than you'd think. As rent-collection rates normalize in the post-COVID world, investors stand to lock in the juicy yield alongside big gains. In the meantime, expect more volatility en route to normalcy.

Suncor Energy

Suncor Energy is an oil sands play that's been crushed in 2020. At its depths, I'd urged investors to load up on the stock while it was trading at a discount to its book value. While the steal is all but gone, with shares near $24, I still think the stock reeks of value and would encourage investors to continue accumulating shares, as oil prices continue marching higher in anticipation of higher demand in the post-COVID world.

The company is a best-in-breed fossil fuel firm, with a robust 3.5%-yielding dividend and a price of admission that's still too good to pass up, even for those who've shied away from the oil stocks. Warren Buffett's recent bet on **Chevron**, I believe, is a huge vote of confidence for old-school energy and is a sign that there's still life (and value) to be had in the space.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)
3. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Investing

Date
2025/07/06
Date Created
2021/02/17

Author
joefrenette