2 Top TSX Stocks Under $40 to Buy in This Current Environment

Description

Investor sentiment has changed massively following the economic contraction coming out of the pandemic. Defensive stocks initially soared, as investors priced in higher risks. However, today, investors are increasingly betting highly on cyclical recovery. For believers in this cyclical recovery, here are two top stocks under $40 to consider today.

Curaleaf

The cannabis sector is one investors looking for highly cyclical picks have looked to for some time. Indeed, in terms of growth, this sector is one of the best out there today.

Cannabis consumption continues to increase at a rapid pace, and investors are getting excited about stocks across the sector today. However, U.S. legalization is a newfound catalyst that could take this sector much higher in the years to come.

If the Biden administration does move forward with the federal legalization of cannabis for recreational use, the U.S. will become the largest legal market. Accordingly, one of my top picks in this sector remains **Curaleaf Holdings** (TSXV:CURA).

Why?

Well, Curaleaf is one of the few publicly listed cannabis companies with coast-to-coast U.S. exposure. The company's vertically integrated business model has made it extremely popular among growth investors. With exposure to cultivation, processing, and retail, it promises long-term capital appreciation prospects via expansion and acquisitions. Q4 2020 saw this firm generate revenue worth $230 million — an impressive 205% growth rate year over year.

Indeed, a lot of hype surrounding this stock is speculative. However, I think Curaleaf has intriguing long-term growth prospects for investors in the cannabis space today.

SmartCentres REIT

SmartCentres REIT (TSX:SRU.UN) is probably the last stock that pops into our minds when thinking of passive-income reopening plays. Yes, I know that retail REITs are not attractive amid a pandemic. However, I think this firm is seriously misunderstood and is a fantastic reopening play that investors need to take note of.

SmartCentres maintains an impressive portfolio of income-producing properties amounting to over $10 billion in assets.

It is mostly involved in the retail space, which may turn off some investors, given its notable underperformance amid lockdowns. However, I am tremendously confident in the tenant base of SmartCentres. For example, its major tenant **Walmart** provides it the much-required moat in the current situation.

Despite reduced foot traffic in what was a disastrous year, Walmart demonstrated its strength in the retail sector. By fulfilling customer orders for essentials across its 11,000 global locations, Walmart largely warded off the brunt of the COVID pandemic. Combine that with this retail REIT's 97% occupancy rate and 7% yield, and investors are picking a winner with SmartCentres REIT.

Outside retail, this REIT is also involved in developing and maintaining residential and commercial properties. If you are looking for a pick under $40 to add diversification to your portfolio, SmartCentres might be worth further investigation.

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TICKERS GLOBAL

1. CNSX:CURA (Curaleaf Holdings, Inc.)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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