2 Top TSX Value Stocks to Buy With $3,000 in May 2021

Description

The stock market is riding high into May 2021. The "sell in May and go away" strategy may seem very tempting this year, given the incredible rally off those March lows. However, doing so would be timing the markets and will only make your broker rich at your expense.

It's always a good idea to have a fair amount of cash on the sidelines. If you lack dry powder, it may be a good idea to raise some cash this May. But if you've already got a war chest ready for the next market correction, it may be worthwhile to put more of it to work gradually over the coming weeks and months, as earnings could have the potential to be explosive, with all the stimulus in the system.

In addition, the opportunity costs of hoarding too much cash are arguably greater than the risks of a near-term correction, which, I believe, could be a tremendous buying opportunity, as investors gear up for earnings season, the end of the COVID-19 pandemic, and the Roaring '20s.

So, without further ado, consider the following two undervalued reopening plays that I'd allocate $3,000 to this May 2021. And spoiler alert: I own shares in the latter name and plan to continue buying aggressively over the coming months.

Chartwell Retirement Residences

Chartwell Retirement Residences (TSX:CSH.UN) has been steadily climbing back in recent weeks, but the stock remains 24% off its pre-pandemic all-time high. As Canada's largest seniors' housing provider, the firm had no shortage of disruptions amid the coronavirus crisis.

With a return to normalcy up ahead, though, Chartwell is an underrated reopening play that could be in a position to profoundly reward those who step in amid this horrific third wave. For now, low occupancy rates (in the low 80% levels) are a concern. But Fool Chris MacDonald seems to think that pent-up demand for assisted living will start being met after enough vaccine jabs are given in arms. I think the man is right on the money and would encourage contrarians to get in on the name before occupancy rates make a sustained move towards normalized levels.

The balance sheet isn't pretty, but there is hope on the horizon. Unlike other pandemic recovery plays like the airlines, Chartwell isn't hemorrhaging cash, making the name a far more prudent investment.

SmartCentres REIT

SmartCentres REIT (TSX:SRU.UN) is a retail REIT that's done an incredible job of weathering the worst of this pandemic. The REIT houses many essential retailers, most notably **Walmart**, making it resilient in the face of restrictions, lockdowns, and all the sort.

If you're like me and aren't buying the "death of the shopping mall" thesis, I think SmartCentres is a must-buy while it's still down and out. Cash flows have been rather healthy, and they're likely to climb towards normalized levels far sooner than most anticipate, thanks to its Walmart anchor, which drives strong traffic, regardless of the environment.

With a plan to diversify into the residential space, SmartCentres REIT is a heck of a lot more than a retail REIT. As the stigma facing retail REITs dies down in the post-pandemic environment, I'd look for Smart to make a move towards all-time highs. In the meantime, there's a juicy 6.6% yield to collect.

CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:CSH.UN (Chartwell Retirement Residences)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Investing
3. Stocks for Beginners

Date
2025/06/30
Date Created
2021/04/23

Author
joefrenette