



Recovery Stocks: 3 Picks to Buy Now

Description

Over the last few months, Canada has been progressing extremely well on the vaccination front — a key factor in reopening the economy. With more than 45% of Canadians +12 fully vaccinated, the country is well on its way to recovery. These days, though, there aren't many recovery stocks left to buy now.

This may be the last time to buy these stocks while they're still [trading undervalued](#).

It's important to remember, though, that we aren't out of the woods yet. Japan, for example, just went into a state of emergency and banned spectators from the Olympics.

So, while Canada is progressing well, there are still risks and uncertainties here — not to mention the global economy is still well off recovering fully.

Nevertheless, while there is some risk, there's still a tonne of opportunities for investors.

So, if you're looking to buy recovery stocks, here are three of the best to buy now. I'd buy them soon, though; they likely won't be cheap for much longer.

A top entertainment stock

One of the top recovery stocks to buy for a while now has been **Cineplex** ([TSX:CGX](#)).

Cineplex has understandably been one of the hardest-hit businesses from the pandemic. However, as we are finally turning the corner, the company can soon begin its long-awaited recovery.

For Cineplex, being able to open again will be crucial for all segments of its business. Of course, opening up movie theatres and capturing all the pent-up demand will be the most important. However, its entertainment venues and digital advertising business can also play a key role in the recovery as well.

I wouldn't expect a full recovery right away. And like I said before, it's important to remember a company like Cineplex will still be at risk of further shutdowns should things ever take an expected turn for the worse.

Be that as it may, at roughly \$15 a share, it's extremely cheap and easily one of the top recovery stocks to buy now.

One of the best recovery stocks to buy now

Another high-quality recovery stock you'll want to buy now is **Boston Pizza Royalties Income Fund** ([TSX:BPF.UN](#)).

There's no question that restaurants have been impacted severely, especially dine-in restaurants like Boston Pizza. So, while a number of its quick-service restaurant peers have already seen a strong recovery, Boston Pizza and other restaurants like it have been desperately waiting for dining restrictions to be lifted.

With that finally taking place, Boston Pizza restaurants across Canada could see an immediate jump in sales. And because the fund receives a royalty on each restaurant's revenue, investors can expect a big jump in sales over the coming months.

Rapidly growing sales would be huge for Boston Pizza Royalties, because the fund has little administration costs. So, the majority of the increase in sales would flow straight to the bottom line, effectively increasing the income available to investors.

Now that the stock can begin to recover, I expect it to see its sales rise rapidly. This is why I'd look to buy the recovery stock now.

It's still extremely cheap and due for a major dividend increase, as its sales start to rise.

An iconic Canadian retail stock

Lastly, in addition to restaurants and entertainment companies, [retail stores](#) have been heavily impacted by the pandemic, too. That's why one of the top recovery stocks to buy now is **Roots** ([TSX:ROOT](#)).

Roots is a well-known Canadian retail company that's popular among consumers. With plenty of shutdowns over the last year, though, the stock is trading extremely cheap.

Looking at its performance through the pandemic, Roots actually performed well. The company's strong brand and impressive e-commerce channel helped Roots to weather the storm.

However, the stock remains cheap because, before the pandemic, it was in turnaround mode. So, investors want to make sure that the company has finally turned the corner before investing.

Roots, though, was never struggling with driving sales. Rather, it needed to improve the efficiency of its

operations, which it's done by opening up a new distribution centre.

So, as the pandemic winds down and the stock remains cheap, it's one of the best recovery stocks to buy now.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. TSX:BPF.UN (Boston Pizza Royalties Income Fund)
2. TSX:CGX (Cineplex Inc.)
3. TSX:ROOT (Roots Corporation)

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