



TFSA Investors: 2 Top “Corrected” Stocks That I’m Buying Right Now

Description

For the stock market, [Christmas has come early this year](#), so it’s time to pull out your shopping list and take advantage of the grand bargains scattered across the TSX.

If you’re like me (or Santa Claus), you’ve been made a list of stocks you’d love to [buy on a pullback](#). I have my list, and I’ve been checking it twice after the most recent market correction. While there were plenty of quality stocks that are attractively priced today, I’ve narrowed the list down to two stocks that have been the most unfairly battered.

It’s turbulent times like these when there exists a wide discrepancy between a stock’s market value and its intrinsic value. **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) and **Canadian Tire** ([TSX:CTC.A](#)) are two stocks that scream unsustainably undervalued.

Let’s have a closer look at both names to see which, if any, is a suitable buy for you.

Restaurant Brands

It’s the business (and stock) that everybody loves to hate. At least, over the past year with all the negative press aimed at Tim Hortons, one of Restaurant Brands’ most “growthy” brands.

The stock had its chin tested with uppercuts, hooks, jabs, and overhand rights, but the company is still standing, and I think it’s going to get back up to its feet a lot sooner than most analysts believe. At the time of writing, QSR stock plunged 3.5% in a single trading session along with the broader markets, thanks in part to the bad taste that last week’s quarterly earnings left in the mouths of investors. The stock is now down around 18% and is flirting with bear market territory.

When you consider the “inferior” nature of the goods that Restaurant Brands sells, there’s no way that the stock should be punished at an amplified magnitude versus that of the broader market, even after a nasty quarter that saw Burger King’s U.S. sales take a hit while new store openings slowed.

I think QSR is a \$100 stock, and the 3.4% dividend yield is a bonus for those willing to go against the grain at this juncture.

Canadian Tire

This iconic Canadian retailer has staying power. Management has proactively invested in initiatives that will allow the company to thrive in an era when many other brick-and-mortar players are closing up shop.

Management has doubled-down on both loyalty and will continue to spare no expense to enhance its portfolio of promising exclusive brands. Most investors are misunderstanding Canadian Tire's strategy, which has resulted in a magnificent buying opportunity for those bold enough to place a bet when both brick-and-mortar retail and the broader markets are at the gloomiest they've been in recent memory.

Canadian Tire's ROEs are on the uptrend, and I suspect that further brand acquisitions will result in ample synergies over the long haul, as management will be able to leverage branded merchandise across the country like nobody else.

The stock trades at a 11.5 forward P/E, a 2.2 P/B, a 0.7 P/S, and a 10.6 P/CF, most of which are lower than the company's five-year historical average multiples of 15.3, 1.8, 0.8, and 16.3, respectively. The company is a dividend growth king that will likely continue to reward investors with 10% in annualized dividends.

Foolish takeaway

I'll be adding to my positions in Restaurant Brands and Canadian Tire on the recent correction, and I hope you'll join me as you take advantage of what I believe is one of the greatest buying opportunities in recent memory.

Stay hungry. Stay Foolish.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:QSR (Restaurant Brands International Inc.)

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Date

2025/08/26

Date Created

2018/11/02

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