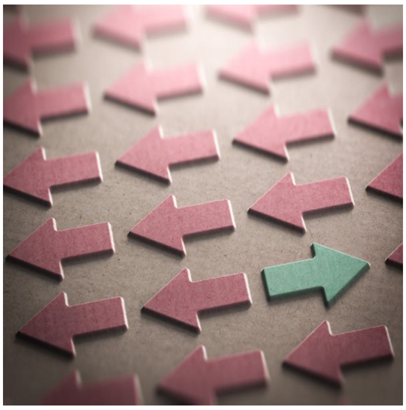

2 Oversold TSX Dividend Stocks to Buy on the Pullback

Description

It's foolish (that's a lower-case *f*) to try to predict where the markets are headed next. We went from an expensive market to a fair-valued one, and coming up next, we could have an oversold one.

Although the exogenous event that everybody on the Street is worried about could take out the bull market's legs, it's a better idea to tune out of the fear-inspiring talking heads and focus on what matters: individual businesses and their valuations.

You're likely not going to time the market's bottom, as the **S&P 500** flirts with correction territory. Instead, look to "risk-off" stocks that have been unfairly beaten up, and you'll do well over the long term, while other investors desperately try to react on emotion, either selling on excessive fear or buying too much on unwarranted greed.

Restaurant Brands International

Restaurant Brands International (TSX:QSR)(NYSE:QSR), the famous fast-food juggernaut behind such brands as Tim Hortons, Popeyes, and Burger King, has lost 5.5% of its value over the last three trading sessions, as though investors didn't get the memo that fast-food stocks are among the perfect stocks to own in times of economic hardship.

You see, Restaurant Brands sells what economists refer to as "inferior goods," or goods whose demand tends to go up in tough times and vice versa. Burger King, for example, has an impeccable value menu, with prior offerings of 10-piece nuggets for a for a buck and change. When times are tough, and it comes time to tighten up the belt, it's impossible to match the value proposition on some of Burger King's items.

Restaurant Brands can survive on razor-thin margins and is well positioned to do well in a full-blown recession. The recent pullback in QSR over global economic concerns, I believe, makes no sense. If anything, QSR stock should be rallying given the "inferior" nature of goods it sells. It's times of recession when inferior goods are superior.

Grab the 3.35% dividend yield, as you take advantage of an embarrassing mispricing made by Mr. Market. As for the Popeyes-driven quarterly beat, that's now thrown in for free!

Nutrien

Nutrien (TSX:NTR)(NYSE:NTR) has been suffering for well over a year now. Agricultural commodities are out, and despite recent insider buying activity and a new share-repurchase program, the stock has continued to fall alongside the market, with the stock recently getting pummelled 3.4% on Tuesday, as the TSX Index gave up ground over renewed fears of a dire black swan event.

Management has noted that it's confident that it'll be the beneficiary of a rebound in the latter part of the year. Although you should take management commentary with a fine grain of salt, I am encouraged by insiders "walking the walk" after talking the talk.

That's not to say that management's optimism won't be delayed or derailed, though. However, at current valuations, it's hard to pass on the name given the longer-term tailwind of rising populations that will call for higher crop yields, which in turn translates to higher demand for agricultural commodities and biologicals.

For now, there's a terrific 4.4% yield to collect while you ride out the tough times.

Stay hungry. Stay Foolish.

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