Market Crash 2020: 2 Stocks to Buy Now

Description

After a brief reprieve, the TSX Index resumed its downtrend last Friday. The current market crash has been quite prevalent over a short period of time. In that regard, there has been no bear market quite like it.

For those with cash to burn, the market crash has created an opportunity. While most stocks are trading well below their highs, some have been punished more than most. In some cases, the big drops are warranted.

On the flip side, some stocks are being unfairly punished.

The market crash has eaten up fast-food stocks

The restaurant sector is being decimated by COVID-19 social-distancing measures. However, the fast-food sub-industry is much better positioned to weather the storm. Canada's largest is **Restaurant Brands International** (TSX:QSR)(NYSE:QSR). The parent company of Burger King, Tim Hortons and Popeyes, it has over 25,000 locations worldwide.

Restaurant Brands is in a strong position to not only survive the current bear market, but thrive on the other side. As a fast-food company, its stores have drive-thru lanes, and it is also expanding home-delivery services.

The fast-food industry has been one of the hardest hit during the market crash. At its bear-market low, Restaurant Brands lost almost half of its value. It has since rebounded but is still down 32% year to date. Therein lies the opportunity. Trading at only 15 times forward earnings, Restaurant Brands has plenty of upside.

The company recently signed a deal in which it expects to open more than 1,500 Popeyes locations in China over the next 10 years. To put that growth into perspective, Restaurant Brands currently has just over 3,000 Popeyes location worldwide.

China has effectively started to return to normal operations after its COVID-19 shutdown. Now that the economy is starting to ramp up, the country offers massive potential. One the economy rebounds, Restaurant Brands will look like a steal at today's prices.

A beaten-up real estate company

Another industry that has been punished is real estate. In particular, retail REITs are experiencing some of the most pronounced losses on the TSX Index. One of the most attractive stocks in this market crash is **SmartCenters REIT** (TSX:SRU.UN).

There are many reasons why SmartCentres is a buy now candidate. For starters, the company has one of the best portfolios in the country. Properties are located near major intersections, and it counts some of the best blue-chip companies in the world as customers. **Walmart** is the company's largest tenant accounting for more than 34% of leased space. Other major tenants include **Canadian Tire** and **Loblaw**.

All three of these major tenants remain open. In the case of Walmart and Loblaw, they are also benefiting from recent panic buying. These large and stable tenants will enable the company to navigate the current crisis quite well.

According to executive chairman Mitchell Goldhar, "Some of our tenants are very busy like Walmart and Loblaws. Others are not as busy or temporarily closing. But, as a percentage, very few tenants have requested rent deferrals, and of those, all are small businesses, which in SmartCentres' case make up only 3.5% of our space." Bottom line, the REIT's drop during this market crash has been overdone.

SmartCentres also has an attractive growth profile. It has over 250 individual projects in its development pipeline. Of those, 77% are recurring income initiatives. As of the last corporate update, it has 34 projects currently underway valued at approximately $474 million.

Finally, the company maintains it has the ability to support the current dividend. Now yielding close to 10%, it makes for a very attractive income stock.

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TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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