4 Top Stocks to Buy Now for Meat-Free Upside

Description

If there is one investing tenet that the market crash has reinforced, it's this: consumer staples stocks are golden. Take a look at the TSX any day when it isn't rallying. You'll see a few green islands among the sea of red. These standout names regularly include gold miners. But this is to be expected, given the timeless safety of the yellow metal. You'll also see food retailers, though.

This is what makes this particular market crash so unique. Consumer staples are well-known for being defensive. But the quarantine market is different. This time around, marginally safe names are strongly outperforming the **TSX Composite Index**. These names include major grocery retailers such as **Loblaw** and **Alimentation Couche-Tard**.

The best meat-free stocks to own

Today, we'll review a theme that has been getting a little less exposure during the lockdown: alternative protein. The green economy is a high-growth area, with some big names seeing strong upward momentum. But as an investment thesis, alternative protein has been strangely absent from the headlines of late. The reason could be fairly straightforward, though.

The alt-meat boom seems to have been put on ice, as the coronavirus halts sit-down dining at restaurants. But how are related stocks faring right now? Let's take a look at some of the best.

Restaurant Brands International generated a lot of buzz by adding meat-free products to Burger King and Tim Hortons menus. Restaurant Brands rallied more than 8% in the last five days, which beats the market's 3% pop. Correlating with the TSX Composite Index makes the fast-food empire look pretty appetizing. The TSX has rallied 20% in the last month. However, Restaurant Brands is up 37% in that period.

Maple Leaf Foods has also been investing in plant-based proteins. The Canadian packaged meat giant added a further element of diversification to its business model by adding meat-free products to its roster. The stock has proven resilient to the market crash.

Now we come to the pure-play option. **Beyond Meat** was an instant hit for investors seeking the latest momentum-packed upside generator. Sales have never been a sore point for Beyond Meat. But its share price dropped nevertheless after an earnings miss in February. The stock is down 25% in the last three months on average, despite a one-month rally of 41%.

Loblaw was an early low-exposure play for the alt-meat boom. The grocery empire has since become a TSX stalwart for its mid-pandemic share price stability. Loblaw has long been a sturdy investment for consumer staples defensiveness. However, the market crash has given this name a boost that few could have predicted. Post-pandemic, the growth potential of the alt-meat market could help keep that momentum going.

The bottom line

Beyond Meat still produces wild momentum, as its massive swings in the last three months have shown. Investors going long on the alt-meat boom have a strong thesis for getting invested. However, the low-risk investor seeking dividend growth should stick to the low-exposure strategy. Restaurant Brands could be the safer option, plus it pays a satisfying dividend.

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