Got $1,000 to Invest? This Badly Bruised Dividend Stock Has Your TFSA's Name on it!

Description

The coronavirus market crash has come and gone. If you bought the dip with your TFSA (Tax-Free Savings Account), you made a small fortune in a matter of months. If you were rattled enough to sit on your hands, you missed out on one of the best buying opportunities in decades but still benefited from the V-shaped bounce-back in the broader markets. And if you gave into your emotions and sold, you're probably kicking yourself right about now, with the stock market continuing to divorce itself from the reality of the economy.

Yes, the economy has been decimated by the coronavirus crisis. And it's looking quite unhealthy today, which is why the Fed is leaving the door open for further monetary stimulus (perhaps negative rates are on the horizon?). If you acted based on your near-term economic projection in the heat of the coronavirus downturn, you were right economically speaking, but wrong as far as the stock market was concerned.

Don't time the market with your TFSA

You've probably heard this phrase many times: the stock market is forward looking. It can be a lens on what's in store for the economy, not just over the next few weeks, but the next year, or even 18 months and beyond. Given the V-shaped recovery in the **S&P 500** and a similar recovery in the **TSX Index**, it looks like the economy is going to bounce back nicely, possibly in late 2021. And if it turns out the market is wrong about the economy's year-ahead recovery trajectory? Expect a correction.

In any case, don't try to predict the markets, whether it be over the near or medium term, because you'll likely be wrong, even if you're right about your projection for the economy. Over the long term, stocks go up. And it's the long term that you should be investing for. For super-long-term investors, everything else is just noise that could pave the way for opportunities for contrarians to pay less for more.

A battered bargain to consider buying for your TFSA

A stock that I've been buying on the dips is **Restaurant Brands International** (TSX:QSR)(NYSE:QSR), the fast-food behemoth behind Tim Hortons, Burger King, and Popeyes Louisiana Kitchen. The latter chain has been bucking the trend, facing unprecedented sales growth amid this pandemic thanks in part to the continued success of its iconic chicken sandwich.

Despite the tremendous success and international growth potential of Popeyes, the turnaround potential that's brewing at Tim Hortons, and the potential behind Burger King's Impossible Whopper, Restaurant Brands stock has been ditched by investors who seem to be ignoring the firm's solid long-term fundamentals for coronavirus headwinds.

Yes, dining room closures and intermittent shutdowns of the economy mean sales will be lost for most restaurants. Given Restaurant Brands's deep pockets and stable financial footing, though, I find it hard to believe that the coronavirus crisis will leave a permanent dent in Restaurant Brands stock, making the name my top TFSA pick if I had a spare $1,000.

Restaurant Brands has been rolling with the punches far better than most other restaurants out there. The fast-food behemoth isn't just destined to survive the crisis but grow out of it with a more robust positioning in the delivery and mobile ordering market, which has been a lifeline for fast-food firms amid the pandemic.

Once this pandemic ends, Restaurant Brands could find itself firing on all cylinders, with dining rooms open, mobile/delivery platforms continuing to exhibit strength, and innovative menu items driving comparable store sales growth, all while the company looks to expand its international footprint across all its banners.

Foolish takeaway

Restaurant Brands is one of those stocks that I love to hear people talking down, because it gives me a chance to pick up more shares for my TFSA at lower prices. If you share my conviction in the name, now is as good a time to start scaling into a position before pandemic headwinds have a chance to die down. The 3.7%-yielding dividend is an incentive to ride out the continued pandemic-induced volatility en route to normalcy.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
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TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
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Date
2025/08/24
Date Created
2020/07/22
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