



2 Stocks I'd Buy Before a Potential Post-Pandemic Rally

Description

If you're like me and are skeptical of the [valuations](#) following the recent rally in pandemic-resilient tech and growth stocks, it may make sense to bolster the "risk-on" portion of your portfolio by scooping up COVID-hit "value" stocks that could have far more room to run over the next three years. Many of today's bruised value stocks sport depressed traditional valuation metrics (such as the P/E ratio), but given uncertainties relating to the pandemic, it's hard to tell if such "value" stocks are actually a good value.

Given the wide range of potential outcomes, many firms that have been feeling the full force of this pandemic may not actually be undervalued until the world can kick the coronavirus for good. The advent of a coronavirus vaccine is the ultimate catalyst for such COVID-hit "value" stocks. Unfortunately, nobody knows when the vaccine will land, how long this pandemic will last, or whether there will be further shutdown-inducing waves to come. As such, investors trying to make a quick buck from "value" stocks could lose money, as their undervaluation may not be proven until that one exogenous event finally happens.

If you're a long-term investor who's looking to grow your wealth over the next decade and beyond, you should seek to place bets on battered "value" stocks for a shot at outsized gains if a vaccine breakthrough happens at some point over the next year.

Consider **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) and **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)), which are off 33% and 27% from their all-time highs, respectively, at the time of writing.

Restaurant Brands International

As a quick-serve restaurant kingpin, Restaurant Brands has been feeling a considerable amount of pressure amid the coronavirus crisis. Shuttered dining rooms resulted in lost sales and an unprecedented decline in same-store sales (SSS) comps. While many localities have partially reopened, the sales dampening effect of the “new normal” is likely to persist until COVID-19 is finally eliminated. Until then, the appetite for Restaurant Brands is expected to remain muted.

Although there are few, if any, things to be excited about now that the firm’s global expansion has been slowed to a halt, long-term investors should consider the fact that the long-term fundamentals are still intact. The company has a tonne of room for long-term, capital-light growth and prized brands that will live to see better days. Shares of the depressed QSR sport a well-covered 3.9% yield, making the stock suitable for growth and income investors alike.

If you’re a genuinely long-term investor with a strong stomach, QSR looks like a compelling value amid this crisis.

Brookfield Asset Management

Brookfield Asset Management is a premier alternative asset manager with exceptional stewards running the show. Although COVID-19 has knocked shares of BAM off its all-time highs, nothing has changed about the long-term fundamentals, which I think still shine through this haze of uncertainty.

The company has ample liquidity and will likely rise out of this crisis in a position of strength. Moreover, the demand for alternative assets is likely to remain robust in this era of rock-bottom interest rates. As fellow Fool contributor Chris MacDonald [pointed out](#) in his prior piece, it’s tough to match the long-term risk/reward trade-off for a well-run alternative asset manager like Brookfield.

“Capital inflows into alternative assets alone in Canada have been in the tens of billions of dollars each year. Because of its size and prominence in the Canadian market, Brookfield Asset Management has sucked up a large portion of these inflows.” wrote MacDonald.

I think MacDonald is right on the money and would encourage investors to have a look at Brookfield while shares are still off considerably from their highs.

CATEGORY

1. Coronavirus
2. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. NYSE:QSR (Restaurant Brands International Inc.)
3. TSX:BN (Brookfield)
4. TSX:QSR (Restaurant Brands International Inc.)

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