CRA: Stop Using Your TFSA to Just Save

Description

With a huge, unexplained rally on U.S. Election Day, it looks like the odds of a post-election sell-off look to be pretty high. Regardless of who ends up winning the oval office, it'd be wise for Canadian investors to back up the truck on the names on their shopping list.

A correction is a correction, and while others are fearful, you should be ready to get greedy with any excess TFSA cash that's sitting on the sidelines. This piece will have a closer look at two top dividend heavyweights that are battered, with yields that are now swollen to generous but still safe levels.

Without further ado, consider battered shares of **Restaurant Brands International** (TSX:QSR)(NYSE:QSR), **Nutrien** (TSX:NTR)(NYSE:NTR), which currently sport yields of 3.9%, 4.8%, respectively, at the time of writing.

Restaurant Brands

The restaurant scene continues to face an uphill battle as coronavirus cases worsen across North America. Although death rates are down in various localities, one should not rule out the possibility of further stringent shutdowns to "bend the curve." Such a scenario would pressure restaurant sales and derail much of the progress made in recent months.

For Restaurant Brands, that means sluggish comps at Tim Hortons and Burger King are to remain for a longer duration. And unfortunately, lost sales won't be made up for at some point down the line. Once COVID-19 is conquered, people won't line up outside of the local Tim's to double or triple their coffee orders. Any lost sales are gone for good, and that has many TFSA investors incredibly bearish on restaurant stocks as we head into the second (or third) wave of this crisis.

Many restaurants will go belly up in the second wave of the crisis. However, Restaurant Brands won't be one of them. With modernization efforts underway, the company is flexing its muscles to improve upon itself amid the pandemic, rather than just waiting for better days. Moreover, once this pandemic concludes, the competitive landscape will be less crowded amid COVID-induced insolvencies in the restaurant scene, and a coronavirus recession is likely to increase the demand for low-cost fast-food items modestly.

I see Restaurant Brands as rising out of this pandemic in a position of tremendous strength, with mobile and drive-thru improvements that could amplify the firm's capital-light growth profile.

Nutrien

Nutrien stock has been picking up traction in recent months, as Mr. Market turned his back against growth stocks in favour of value. Nutrien's modest run came to a crashing halt on election day, with shares nosediving 8.1% following the release of some decent third-quarter results that failed to impress TFSA investors.

The Canadian fertilizer kingpin actually surpassed the expectations of many analysts amid continued weakness in agricultural commodities. Management narrowed its 2020 profit forecast, and that was enough for investors to throw in the towel on the stock that continues to be ridiculously difficult for contrarians to go against the grain (forgive the pun) on.

Nutrien took a big US$587 million loss due to a hefty US$832 write-down of its phosphate business. While Nutrien continues to remain an untimely bet, given low fertilizer prices are likely to remain for the duration of this crisis, I do think it makes sense to nibble into a position following the post-earnings plunge if you're looking to lock-in a juicy yield for the long run.

Nutrien has a strong enough liquidity position to survive this crisis. At one times book value, the stock is a great way to punch your ticket to the next cyclical upswing. The upswing may be in a year, or it may be half a decade, but regardless, you'll have a fat payout to collect while you wait for the tides to turn.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. NYSE:QSR (Restaurant Brands International Inc.)
3. TSX:NTR (Nutrien)
4. TSX:QSR (Restaurant Brands International Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise

7. Yahoo CA

Category

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

Date
2025/06/30
Date Created
2020/11/04
Author
joefrenette