



A Top Post-Pandemic Stock to Buy for 2021

Description

Monday's [COVID-19 vaccine breakthrough](#) sparked a solid rally that I think has far more room to run as investors look for Santa Claus to come to town. **Pfizer's** vaccine efficacy trial data may still in the early stages. Still, with a new glimmer of hope and more promising vaccines that could test the 90% vaccine effectiveness watermark, many beaten-up stocks within the most affected industries (restaurants, travel, energy) still hold ample upside as we inch ever closer to the end of this horrific pandemic.

With many pundits pointing to a readily available vaccine by early-to-mid 2021, it would be wise to place your bets on COVID-hit stocks before they have a chance to correct upwards towards those pre-pandemic heights. While some heavily-hit names may take many years to hit their 2019 highs, such as **Air Canada**, the risk/reward on such COVID-hit value stocks are too good to pass up, even though there's still plenty of uncertainty with regards to the vaccine timeline.

A promising COVID-19 vaccine — but not out of the woods yet

Between now and when the safe and effective vaccine is ready for distribution, many things can go wrong. Other vaccine candidates may fail to live up to the high standard set by Pfizer, the states could be without a U.S. stimulus package for longer than expected, and the second wave of COVID-19 could bring forth another round of nationwide lockdowns.

While the Pfizer vaccine news gives investors [hope](#), we're not out of the woods quite yet. As such, you should expect tremendous volatility between now and when the vaccine is ready to go. But if you've got a stomach for a roller-coaster ride of a market and have enough dry powder to buy on dips, now is as good a time as any to get started, while there's still deep value within the sectors hardest hit by the pandemic.

Don't back up the truck quite yet, but *do* start doing some buying if you've yet to do so already because the Pfizer news is a big deal and warrants greater upside for battered bargains such as **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)), whose shares, I believe, are still trading as though

we'll be stuck in the "new normal" for many more years to come.

A dividend-growth king in the making

Restaurant Brands has had a tough time coping in the pandemic-plagued environment versus the likes of many of its fast-food peers. The pandemic exposed the relative lack of innovation relative to the likes of the leaders in the quick-serve scene. Restaurant Brands was never the best when it came to mobile, drive-thru, and delivery. With shuttered dining rooms, the importance of such modernization efforts became that much more apparent.

With sluggish comps at Tim Hortons and Burger King that was greatly exacerbated by the pandemic-induced lockdowns, management is committing to modernization initiatives to enhance the strength of some of its relative weak spots: drive-thru and mobile.

Sure, it would have been best if Restaurant Brands made such investments before the pandemic struck. But the way I see it, it's far better to be late to the party than not show up. As COVID-19 is conquered, Restaurant Brands will rise out in a position of profound power, as the demand for "inferior" low-cost goods could rise in what's shaping up to be a recessionary environment.

Given the potential for post-pandemic tailwinds, QSR stock remains absurdly undervalued, even after Monday's huge rally to \$75. At just 15.8 times next year's expected earnings, Restaurant Brands looks too cheap to ignore, given its capital-light growth profile that's been little-changed by this pandemic.

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