Looking for an Edge? Buy This 1 Stock for Low-Risk Growth Investing

Description

The recent vaccine breakthroughs from **Pfizer** and **Moderna** have been instructive. They should have started lower with their percentage effectiveness projections, though. Pfizer kicked it off with 90%. Moderna then came through with 94.5%. And now here comes Pfizer again with 95%. But it’s logically a short race, and this method of pumping the news cycle for enthusiasm can only last so long.

So far, the markets have reacted accordingly, however. Work-from-home stocks have sold off. Beaten-up sectors have seen steep gains. Two core patterns are emerging, though they are tied to a single basic premise. An end to the lockdowns will cause investors to transition longer-term out of certain tech growth stocks and into beaten-up value stocks. Though these may look like a single trend, they are actually two separate theses.

Navigating the growth-value transition

Work-from-home tech stocks have seen massive growth this year. This includes everything from e-commerce to gaming to video conferencing. But this emphasis on steep upward momentum can actually be viewed as a remnant of the record bull run that typified the last decade.

Value investing could be about to become dominant as investors cycle back into the sectors that suffered the most during the pandemic. Key indicator stocks include wide-moat names such as **Air Canada**, **Cineplex**, and **Canadian Natural Resources**.

But there is also a third way to invest during this transition period between growth and value assets. Consider the names that have mostly held the line in 2020 but would also benefit from a full reopening, or at least some return to normalcy. In addition to obvious sectors such as insurance, even stalwart low-risk asset types — such as precious metals and consumer staples — could see recovery upside.

A rare low-risk growth stock

This makes names such as **Restaurant Brands** (TSX:QSR)(NYSE:QSR) potential growth targets in a post-vaccine market. In fact, QSR has a little bit of everything. As a consumer staples pick, it has some of the low-risk chops of adjacent asset types, such as gold. There's some value here, too, with the pandemic eating into QSR's bottom line. Plus there's a growth thesis to take into account, with considerable upside likely to follow on the heels of a reopening.

In terms of earnings outlook, the Tim Hortons owner is looking at an estimated 20.7% growth in the next one to three years. A dividend yield of 3.5% can be locked in at the current share price. Upside could also be forthcoming in the new year, as QSR rebounds from that year on year 8.3% top line decline.

Down 11% in the last 12 months, value for money has been improved slightly in this name. However, a P/B ratio of 7.7 times book may prove too rich for the general value investor's subtle palette. Value has long been an issue for this name.

Growth investors, however, may find this stock a little tastier. Consider the potential total returns by mid-decade. A conservative estimate would see shareholders holding for the next five years gaining 83% on their investments. And as market conditions improve, this estimate could be bumped higher.

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