



MARKET CRASH 2021: Recession-Proof Your Portfolio Right Now

Description

According to some of the smartest people on Wall Street and Bay Street, we could be in for a massive market correction in 2021.

Valuations have begun to approach obscene levels. We're nearing the dot-com bubble valuation range in terms of aggregate valuations — a statistic that doesn't bode well for equities in the near term.

That said, over the long term, equities have been proven to be among the best asset classes. Here's one stock I think could help investors protect their portfolios against a market crash.

Restaurant Brands

Restaurant Brands International ([TSX:QSR](#))([NYSE:QSR](#)) is the parent company of a portfolio of great fast-food banners. These include Burger King, Popeyes Louisiana Kitchen, and Canada's favourite Tim Hortons.

Recession-proofing one's portfolio requires looking for companies that will do well regardless of the economic environment. In that context, Restaurant Brands checks all the boxes for me right now.

Business model as recession-proof as it gets

Will Canadians and Americans stop eating burgers because there's economic uncertainty? I think stress eating will actually pick up.

Will that Tim's run or that Popeyes's chicken sandwich wait because we're not going to the hockey rink or mall as much as before? I think folks are looking for a reason to get out of the house right now, and any reason will do to grab their favourite foods.

Investors worried about a market crash are correct in their concerns. However, I would argue that these concerns should be focused on cyclical or economically sensitive stocks. Consequently, highly

defensive stocks like Restaurant Brands will do well regardless of what central banks do.

Acquisitions could be on the horizon

Restaurant Brands has an impressive amount of operating cash flow and free cash, allowing this company to grow rapidly out of this pandemic. With balance sheet stability and the backing of high-profile financiers such as 3G Capital and Warren Buffett, more acquisitions could be on the horizon.

Restaurant Brands isn't the only quick-service restaurant stock to be hit hard during the pandemic. This means there are buying opportunities available right now. Restaurant Brands has one of the best management teams in terms of M&A. Accordingly, investors interested in growth should consider the growth profile of Restaurant Brands. This growth profile complements the highly defensive nature of this stock, and makes this stock a top pick right now.

Additionally, improved operating fundamentals will make future acquisitions much easier to finance and complete. When all is said and done, Restaurant Brands will not only survive this recession. This stock will blow investors away with profit and cash flow growth that other companies will envy. This is a stock to buy now.

CATEGORY

1. Investing

POST TAG

1. market
2. market crash
3. recession
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5. value investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)

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