This Canadian Stock Could Be a Huge Winner in the Post-COVID World

Description

Growth stocks have looked unstoppable this year. And while the momentum could very well carry over into the latter part of 2021, I, like many other Canadians who haven't given up on old-fashioned value investing, would feel more comfortable betting on the bruised and battered value stocks, as they look to make up for lost time in the Canadian economy's recovery from the coronavirus crisis.

Now, I'm not calling for a vicious growth-to-value rotation, as I think a handful of growth stocks still have a heck of a lot of room to run on the back of the next bull market. Still, I think the risk/reward profiles on some of the more unloved value names seem more attractive for the value-conscious who can't justify paying price-to-earnings (P/E) multiples that are skewed on the higher end of the spectrum.

Fellow Fool contributor Chris MacDonald seems to think that we're long overdue for a huge growth-to-value rotation. And while I wouldn't bet on such a sustained rotation happening anytime soon, I think it's wise for investors to stop neglecting the value plays that have been ditched to the curb in favour of the "sexiest" of growth plays.

You don't need to pay a nosebleed-level valuation to get a shot at outsized gains in the coming economic recovery. Heck, if you look to areas of the market most others have been ignoring, I'd argue that there are opportunities to underpay for some pretty solid COVID-recovery plays that could be in a spot to surge once the insidious coronavirus is finally conquered. Whether the pandemic ends later this year or some point next year, the following value names, I believe, provide investors with a terrific shot at returns when adjusted for risks taken on.

Never discount the long-term power of good brands!

In this piece, we'll have a look at **Restaurant Brands International** (TSX:QSR)(NYSE:QSR), a fast-food kingpin behind three of the most powerful brands on the planet. The quick-serve restaurant juggernaut behind such names as Burger King, Tim Hortons, and Popeyes Louisiana Kitchen has been feeling a considerable amount of damage from COVID-induced lockdowns.

Many of Restaurant Brands's more pandemic-resilient peers have done a far better job of holding their

own amid the worst of 2020. While Restaurant Brands is committing to modernizing its drive-thrus over the next several years, many investors likely think that such efforts are a case of "too little, too late." Once the ambitious modernization initiatives are complete, the pandemic will probably be in the rear-view mirror, and Restaurant Brands won't get the same return on investment had it completed such investments before the pandemic struck.

Although it would have been nice to have had the modernized infrastructure in place before the crisis, I think investors are heavily discounting Restaurant Brands's longer-term potential in the post-COVID world. Restaurant Brands will look to play catch up to some of the industry leaders who were quick to embrace the next generation of ordering tech. And once QSR catches up, I suspect a huge re-valuation to the upside could be in the cards.

Foolish takeaway on QSR stock

As one of the cheaper, more misunderstood fast-food stocks out there today, I'll continue to accumulate QSR shares on weakness en route to normalcy. I'm a huge fan of the recovery trajectory in 2021 and beyond. And the 3.5% yield, I believe, is just the sprinkles on top of an already attractive sundae.

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