



2 High-Conviction Canadian Stocks to Buy Right Now

Description

The **TSX Index** has been [riding high](#) these days. It's not just pandemic-resilient growth stocks that are leading the upward charge either. Value and reopening stocks have been [flexing their muscles](#), too, as their high-growth counterparts take a breather.

Forget a market correction: The broadening out of winners could be healthy

With a broadening out of winners, I think this rally has way more room to run. Although we've heard numerous so-called market strategists ringing the alarm bell on a market crash or correction, I think investors would be best served by taking such short-term calls with a fine grain of salt. Many people have been calling for this market rally to come to a crashing halt for months, and if you took their advice, you missed out on some pretty big gains.

In this piece, we'll have a look at two high-conviction Canadian stocks that appear to have plenty of rally fuel left in the tank.

High-conviction Canadian stock #1: Restaurant Brands International

Restaurant Brands International ([TSX:QSR](#))([NYSE:QSR](#)) is the type of wonderful business that investors should feel comfortable holding for life. The company behind fast-food icons like Tim Hortons, Burger King, and Popeyes has been under pressure amid the pandemic. I guess you could say Restaurant Brands was a bit behind the times with drive-thru, mobile, and delivery versus the likes of its bigger brothers in the fast-food scene. As a result, it paid the price amid COVID-19 lockdowns and dining room closures.

Once the pandemic restrictions go away, Restaurant Brands has far more to gain than many of its tech-savvier peers, many of which are at fresh all-time highs right now. As such, I'd look for QSR stock to

play catch up in a big way going into year's end.

Moreover, the managers at Restaurant Brands realize their shortcomings in the drive-thru and ordering, and they're working hard to change for the better. Restaurant Brands is investing big in "modernizing" its restaurants. It's these such investments that I believe could allow the company to pull ahead of its peers on the innovation front over the next five years.

The Burger Kings of the future will be fully equipped with innovative technologies, multiple drive-thru lanes, burger lockers, and other intriguing concepts you'd come to expect from fast-food restaurants of the future. Restaurant Brands may be behind the times now, but on the other side of this pandemic, I'd look for them to take the lead on the ordering innovation front.

For now, Canadians can collect a juicy 3.2% dividend yield, as they wait for the great reopening to propel the high-conviction Canadian stock towards all-time highs. It's one of my higher-conviction buys right now, and value investors would be wise to act before its next leg up.

High-conviction Canadian stock #2: Royal Bank of Canada

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) has been steadily climbing higher over the past year. The high-conviction Canadian stock led the upward charge, only recently breaking out to a new all-time high of \$117 and change. With rates likely to rise over the next three years, Royal and its Big Six banking peers will finally have a macro environment that's favourable after years of slogging through a provisionary environment with meagre net interest margins.

You could pick any Canadian bank and do well over the next few years, but if you're looking for a leader, Royal Bank ought to be atop your shopping list. The bank not only outperformed through the coronavirus crisis, but it experienced meaningful momentum in its capital markets and wealth management businesses, both of which, I believe, will continue to give the firm's top and bottom lines a boost.

Simply put, Royal Bank is royalty when it comes to Canadian banks, and investors would be wise to scoop up the 3.7% yield before the name continues its rally into what could be a multi-year bull run for the banks. Royal Bank stock isn't cheap at 14.6 times earnings, but when you weigh the calibre of business you're getting and the favourable environment that lies ahead, I'd say you're getting a lot for the premium price you'll pay.

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:RY (Royal Bank of Canada)

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