Top 2 Canadian Stocks to Buy in July 2021

Description

The stock market is running strong into July 2021, but continued strength, I think, is likely, at least for many of the names on this side of the border. In this piece, we'll have a closer look at two Canadian stocks that appear so undervalued that they could weather the next market pullback far better than than the indices.

Top Canadian stock picks: July 2021 edition

Without further ado, consider **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) and **Fairfax Financial Holdings** (TSX:FFH), two names that could explode into year's end as the economy reopens.

Restaurant Brands International

Most fast-food stocks have mostly recovered from the horrific coronavirus crisis. While Restaurant Brands International stock has come a long way since those ominous depths of March 2020, the stock has been dragging its feet for a year now. The quick-serve restaurant darling's bounce back has been stalled, and for no real good reason. Undoubtedly, brighter reopening prospects have given the broader industry a nice lift, yet QSR stock hasn't participated in the bounce back.

As dining rooms reopen against favourable year-over-year comparables, I suspect QSR stock could be in a spot to pop like a coiled spring towards its all-time highs of around $100 per share. Restaurant Brands is behind Tim Hortons, Burger King and Popeyes Louisiana Chicken, three robust brands that will, in due time, thrive again.

Undoubtedly, Tim Hortons's sales woes hit well before the pandemic exacerbated the chain's pains. That said, it would be unwise to count the Canadian chain out of the game here. If anything, the future hasn't looked this bright for the brand in years. Could a turnaround brew as the waters are lifted across the broader industry in the post-pandemic environment? I'd say it's more than likely. For now, investors can capitalize on the excess pessimism of others, with shares back at $80.

Like it or not, the folks running the sensation that is Popeyes are the same as those behind the disappointment at Tim Hortons. Could the success of Popeyes spread to Tim Hortons at some point over the next few years? As far-fetched as this sounds, I think it's plausible. And very soon, I think we'll smell the turnaround brewing at the beloved Canadian chain as we approach the Roaring '20s.

Fairfax Financial Holdings

Fairfax Financial Holdings (TSX:FFH) is a compelling option as shares look to build on recent strength. Prem Watsa, the man known as Canada's Warren Buffett, may have lost some fans amid many years' worth of underperformance. But historically speaking, after such slumps are typically the most opportune times to punch your ticket into the name.

Watsa has been through slumps before. But in due time, he and his firm always come roaring back. Fairfax's insurance underwriting track record is showing meaningful signs of improvement over the years. Moreover, Watsa's abilities, I believe, are still worth paying a premium for. Although the man may not be right all the time, I think he can unlock meaningful alpha for investors over the long-term timespan.

Fairfax sagged last year, but shares are making up for lost time in 2021, with 29% returns year to date. The stock trades at a nearly 10% discount to book value, which still leaves the top Canadian stock in deep-value territory. If you believe in Watsa and his ability to stage a comeback, I'd get ready to load up here before the price of admission can rise.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:FFH (Fairfax Financial Holdings Limited)
3. TSX:QSR (Restaurant Brands International Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media

6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

Date
2025/08/24
Date Created
2021/06/28
Author
joefrenette