



## 1 High-Upside Canadian Reopening Stock Worth a Nibble

### Description

It's been nothing short of an [incredible](#) first half of 2021 for investors. Whether the momentum will continue into year's end will be anybody's guess. Regardless, investors need to be ready for a rockier climb, as companies grow into their high multiples.

Moving forward, COVID-19 cases are poised to abate further, and firms will be back to posting incredible earnings growth against favourable year-over-year comparables. Many firms likely already have such earnings spikes baked in, while some may not. In this piece, we'll have a look at one dirt-cheap value stock that had a relatively muted first half but that could be ready to close out 2021 with a bang if all goes well and vaccination efforts prevent a fourth major wave.

### Reopening stocks: What's their next move?

Right now, many reopening plays seem to be running out of steam, and for good reason. The insidious coronavirus continues to mutate, with the "delta" and "delta plus" variants of concern spreading rapidly in various parts of the globe.

Such variants could bring forth a fourth wave, even as vaccination efforts accelerate. While variants pose a serious risk to some of the more aggressive reopening plays (think **Air Canada** stock), I think that many of the more lockdown-resilient plays are trading at absurdly low multiples. And if all goes well with the summertime reopening, with no lockdowns for the winter, I think many such plays could have [considerable upside potential](#) with a manageable magnitude of downside risk.

Yes, Canada's favourite reopening stock, Air Canada, could finish the year with a steady ascent to much higher levels. Still, lockdowns could easily cause shares to nosedive uncontrollably, making the name less worthy of the investment dollar of the easily rattled.

### The market environment remains highly unpredictable

Although there's more clarity on the ongoing war between variants and vaccines, I think it's only

prudent to acknowledge the profound uncertainties that still lie ahead. It's not just monetary policy shifts that could shock and awe investors going into year end. The pandemic isn't over yet. Things could still take a drastic turn for the worst. As such, investors still must be ready to roll with the punches in an environment that could offer less in the way of prospective returns and more in the way of choppiness.

One reopening stock with a great risk/reward scenario, regardless of what ends up happening next, is **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)), a fast-food behemoth behind three of the most enviable brands in the quick-serve restaurant scene in Tim Hortons, Burger King and Popeyes.

Over the past year and a half, Burger King and Tim Hortons have enjoyed limited success. The latter chain was actually a major drag and has been viewed as a major overhang on QSR stock. Amid the pandemic, dining room closures have hit Tim Hortons very hard. With limited drive-thru and delivery success relative to other peers in the quick-serve scene, the iconic Canadian shop has been the reason to take a raincheck on QSR as a whole, despite the industry sensation that is Popeyes or positive developments at Burger King.

Arguably, Tim Hortons has the most room to run once the pandemic ends. Still, nobody knows when the pandemic will end or how many more waves of COVID-19 will happen before the insidious virus is eliminated. That said, I am bullish on Restaurant Brands's modernization and digital investment initiatives. Such initiatives will pay dividends for many years down the road, and they'll help QSR fare better should this pandemic drag longer than expected.

## CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. 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. Coronavirus
2. Dividend Stocks
3. Investing

**Date**

2025/08/22

**Date Created**

2021/07/05

**Author**

joefrenette

default watermark

default watermark