



A Top Canadian Stock I'd Buy As It Tumbles Over COVID-19 Delta Fears

Description

The COVID-19 “Delta” variant has gripped the Canadian stock market in [fear](#) over the past week. While things are going well here in Canada, with many provinces reopening their doors (Alberta already lifted a majority of COVID-19 restrictions on Canada Day), parts of the world — most notably the U.K. and Israel — are dealing with variant-driven waves.

Unfortunately, the U.K. and Israel both appeared to conquer COVID-19 just over a month ago. Now, each nation is facing a horrific resurgence, and lockdowns are being contemplated yet again despite much-improved vaccination efforts. The market is growing increasingly concerned over the insidious Delta variant and its potential to derail Canada’s reopening.

Delta COVID-19 variant risks are real but don’t blow things out of proportion

Although Canada has come a long way with its impressive vaccination effort since spring, there’s really no telling what COVID-19 cases will be like in two months from now. The unpredictability of the pandemic remains high, even as Canada shoots to reach herd immunity in the second half of the year.

It certainly seems like the next six months will be less about rates and growth-to-value rotations and more about rotations across pandemic-resilient Canadian stocks and the reopening plays.

In any case, volatility is probably going to stick around heading into year-end. Fortunately, self-guided investors can take advantage of any such volatility by playing the role of contrarian.

Restaurant Brands International ([TSX:QSR](#))([NYSE:QSR](#)) looks too cheap to ignore if you’re of the belief that COVID-19 variants will not derail Canada’s economic reopening.

Restaurant Brands International: A catch-up trade with a side of ketchup

High-quality businesses that have fallen out of favour. That's exactly the type of business that great investors, like Warren Buffett, seek out in the stock market, regardless of what's troubling macroeconomists.

When it comes to powerful brands, it's tough to outdo Restaurant Brands and its three fast-food chains in Tim Hortons, Burger King, and Popeyes Louisiana Kitchen.

It's been a very frustrating year for Restaurant Brands shareholders, myself included. Many restaurant stocks posted abrupt recoveries, with some blasting off to new highs. All the while, QSR stock has done next to nothing.

After Monday's vicious plunge, the Canadian stock is right back to where it was nearly a year ago when the rally off the March 2020 lows faltered. The stock now finds itself off 25% from its 2019 highs, making it one of the hardest-hit fast-food plays today.

Yes, Restaurant Brands has its own share of company-specific problems, most notably at Tim Hortons, which the pandemic has decimated. But if you're a believer in an eventual economic reopening, I think you have to give QSR stock a second look.

With a 3.3% yielding dividend and an encouraging long-term growth runway, I think the recent weakness in the stock makes absolutely no sense considering how the Canadian stock has remained under pressure as many of its peers had permission to take off.

Bottom line

Who needs a market [correction](#)? Restaurant Brand stock is in a bear market of its own. And if you're willing to put your contrarian hat on, I think you can improve your odds of crushing the **TSX** once the tides have a chance to turn.

Restaurant Brands is a solid business with a compelling three-year plan. The payout is safe, and the company's sales have room to run once the economy opens up for good.

With fall lockdowns likely partially baked in here, I think shares have one of the wider margins of safety in the entire restaurant scene.

CATEGORY

1. Dividend Stocks

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

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