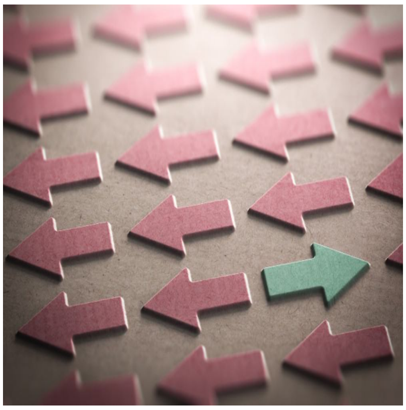

2 of the Most Solid Contrarian Stock Picks for Canadians

Description

There are a lot of great contrarian stock picks out there, even in today's seemingly fragile and "expensive" stock market. In this piece, we'll have a look at two names that have suffered mild pullbacks, as the broader TSX continued its march higher. Such pullbacks, I believe, have been overblown, providing contrarian investors with a window to get a bit more bang for their invested buck.

CN Rail

The ping-pong game between **CN Rail** (TSX:CNR)(NYSE:CNI) and its top peer **CP Rail** is on, following CP's latest bid for **Kansas City Southern**.

Indeed, the southern U.S. and Mexican rail assets are prized. With a sweet US$27 billion bid for KSU, the ball is now back in CN's court. CP said it wouldn't sweeten up the pot, but it did. And all eyes are on CN CEO J.J. Ruest and how he plans to respond to what's turned out to be a pretty bitter bidding war. Undoubtedly, getting caught in bidding wars isn't typically a way to create shareholder value, as the risk of overpaying for assets is raised considerably — and with that, the destruction of long-term shareholder value.

Nobody knows who will win the right to acquire KSU. Regardless, I think CN Rail stock has taken on way too much damage here. With or without KSU in the bag, CN Rail stock looks like it could be a bargain in the grander scheme of things. Although it would be nice to have a wide moat surrounding freight traffic across the two largest North American borders, I'm not so sure that CN Rail will end up raising the bar over CP's current bid. It's just way too high. And at the end of the day, one has to know when to walk away when the price isn't right.

In prior pieces, I've predicted that CP Rail would end up coming out on top in the epic KSU bidding war. After the latest bid, I think the odds of a correction to the upside in CN Rail stock could rise considerably. The stock is down 10% from its high and is in great shape to capitalize on what's shaping up to be a pretty roaring start to the Roaring 2020s.

Restaurant Brands International

You don't get that many opportunities to view stellar earnings results for free.

When it comes to **Restaurant Brands International** (TSX:QSR)(NYSE:QSR), which delivered a solid second quarter with strength across the board, I think that's exactly what you're getting. Earnings per share came in at $0.77, much higher than the $0.61 that the street was calling for. Revenue was a slight beat at $1.44 billion, up from $1.36 billion. The headline number, though, was almost 60% worth of digital sales growth amid the firm's continued digital and drive-thru push.

The stock took off following the results only to surrender the gains in the following trading sessions that saw the broader basket of fast-food plays sag, as Delta COVID-19 variant jitters rose. My takeaway? I think the post-earnings pullback is a great buying opportunity for dividend-growth investors looking to snag what could be one of the better bargains this August.

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