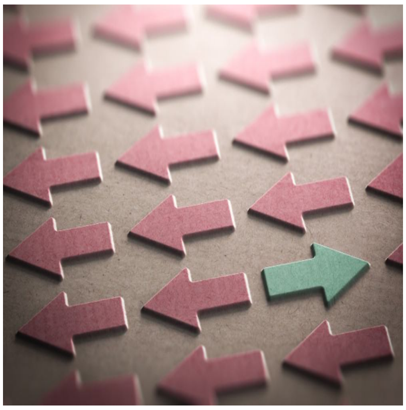

Contrarians: A High-Yield TSX Stock That Could Correct to the Upside!

Description

Now is as good a time as any to play the role of a contrarian, as the TSX Index continues to add to its streak of months gone by without a correction. Indeed, rolling corrections have been the new normal for 2021 thus far. This could change in due time, however. In any case, contrarians should feel fine picking away at the bargains that exist today. Like it or not, they may not be discounted at some point down the road, even if the markets are hit with a correction or pullback.

The number of TSX stocks that are off considerably from their all-time highs is pretty high right now. As such, stock pickers, I believe, have the edge in today's market. Those who stand by index funds will not be able to capitalize on the numerous high-quality names that have already ripped the band-aid off, so to speak, leaving them at risk of potentially less pain come the next collective plunge.

Correction to the upside?

Think of names like **Restaurant Brands International** (TSX:QSR)(NYSE:QSR), which was slammed in recent weeks amid climbing Delta variant cases. The recent round of selling gives contrarians a chance to pick up shares of the fast-food firm at a nice discount. The high-yield stock is off 22% from its 2019 high — a level that could be reached sooner than most think.

So, if you seek a reopening side that reeks of value, you may wish to consider scooping up shares of either company amid the latest round of pressure, which may very well be short-lived. And if the Delta variant doesn't derail the economy's reopening, both names, I believe, could correct to the upside by year-end.

Restaurant Brands International: A top high-yield TSX stock for contrarians

Restaurant Brands International is one of Canada's best high-yield defensives. The company behind Tim Hortons, Burger King, and Popeyes has been a rough ride for investors, even before the COVID-

19 crash struck in February 2020. The critics have questioned management's abilities, specifically with the Tim Hortons brand, which has tended to be the biggest laggard of the three brands in any given quarter.

Undoubtedly, there will be no easy solutions for Tim Hortons, which may need to go back to the basics to reinvigorate a brand that may have been tarnished over the years. Whether it be widely publicized franchisee disputes, questionable new menu items, or a lack of drive-thrus relative to the competition, it's clear that Tim Hortons has been one of the main reasons to reject the QSR trio over these past few years.

Personally, I think the pessimism surrounding Tim Hortons is exaggerated. Management is still competent. Just have a look at the profound sales growth over at Popeyes!

If you think the company can pull off a turnaround at Tim Hortons, all while it looks to go beef-up Burger King and Popeyes, QSR stock may prove to be one of the cheapest high-yield stocks on the **TSX Index** today.

In any case, I view it as a top reopening stock for dividend hunters and seekers of capital gains alike.

The Foolish bottom line for high-yield seekers

At writing, shares are fresh off a nearly 7% pullback off its July high — a level that was reached following the release of some magnificent numbers. Add the recent Tim Hortons China SPAC deal into the equation, and I think the setup looks incredible for shares of the battered fast-food giant, which I'd look to play catch-up over the next 18 months.

At just $81 and change, I think you're getting the blowout quarter for free. Even if Delta mutes coming quarters, I think the high-yield TSX stock and its 3.3% yield are worth pounding the table on here. Way too many investors are discounting QSR's managers. And that could prove to be a mistake, as Delta peaks and the reopening trade looks to heat up once again.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

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. Smart News
8. Yahoo CA

PP NOTIFY USER

1. joefrenette
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/08/18
Date Created
2021/08/19
Author
joefrenette