



2 TSX Reopening Stocks to Buy for September

Description

The reopening trade has really [stalled](#) out in recent weeks. But as the insidious Delta variant peaks, I think that the trade could [heat up](#) again. On the TSX Index, there's no shortage of misunderstood and severely undervalued reopening plays that could give one a decent shot at outperforming the broader markets going into year's end.

While nobody can predict when or how the COVID-19 pandemic will end, I think there's considerable upside potential in the names that have already proven resilience through nearly two years of on-and-off lockdowns and restrictions. We're talking about the firms that proactively took steps to improve their businesses, assuming that further waves of COVID-19 could strike as they did last year — we're not talking about the firms that are bleeding cash, just hoping for the pandemic to end.

Proceeding cautiously with TSX reopening stocks

Although more vaccines are being administered by the day, one must not let their guard down. As an investor, viewing a situation through rose-coloured glasses could leave one blind to prominent risks. These days, it seems as though further full-blown lockdowns are a high-impact event with a drastically lower probability of occurrence.

That said, one must still acknowledge the high magnitude of uncertainty when it comes to reopening stocks. It's not just the potential for further COVID-19 disruptions that could drag such names lower. The recovery trajectory of reopening plays is going to be different. Airlines will take some time to bounce back from the damage caused by COVID-19, while restaurants and retailers could recover at a quicker rate. Meanwhile, office and business real estate may never recovery to see 2019 levels of business, given the profound rise of work-from-home or work-from-anywhere trend — a trend that's not going away.

In this piece, we'll look at **ONEX** ([TSX:ONEX](#)) and **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)).

ONEX

ONEX is a diversified investment holding company with some pretty stellar COVID-impacted businesses that are well-positioned to continue their recovery. A lot of holdings under the ONEX umbrella fit the bill as wonderful businesses. And the managers, who've achieved solid results over time, are worth betting on anytime one can do so at a significant discount.

Undoubtedly, the discount to book value is gone, with shares now meaningfully higher than they were last year. That said, I still find the risk/reward tradeoff to be just as good, given we've had the chance to view the company's hand (quarterly results) a few times.

Most notably, ONEX holds WestJet Airlines, which, I believe, is a far better bet than **Air Canada**. Not only does WestJet have a more promising play on domestic air travel, but it has deep pockets with its parent company, which can help the number-two airline get through hard times.

Restaurant Brands

For those looking to play the power of incredible brands, Restaurant Brands is the reopening stock to bet on. The fast-food firm behind Burger King, Popeyes, and Tim Hortons has endured a rough past two years, but management isn't just hoping for conditions to improve. It's proactively investing in improving upon areas that led it into trouble going into the pandemic.

With an ambitious drive-thru investment plan underway, I see remarkable sales growth on the horizon across all banners. As dining rooms continue to reopen for business, people will head back to Burger King again to order up those tasty whoppers, which are best consumed hot off the grill.

The dividend is a bonus in a recovery play that's well equipped to thrive once things stage a full return to normal.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:ONEX (Onex Corporation)
3. TSX:QSR (Restaurant Brands International Inc.)

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Author

joefrenette

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